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No. 06-

IN THE

Supreme Court of the United States

JANET M. MERILLAT,

Petitioner,

v.

METAL SPINNERS, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

NEAL LEWIS
LEWIS & ASSOCIATES
P.O. Box 68
Orland, IN 46776
(260) 829-6729

Counsel for Petitioner

206773

COUNSEL PRESS
(800) 274-3321 • (800) 359-6559

QUESTION PRESENTED FOR REVIEW

The "honest belief" rule is used by the lower courts in employment discrimination claims to weigh the evidence of pretext within the *McDonnell Douglas* burden shifting test.

One question is presented for review:

1. Does the following formulation of the "honest belief" rule provide the correct legal standard for evaluating whether a genuine issue of material fact exists on the issue of pretext in Title VII and ADEA employment discrimination claims?

> Our only task is to determine whether [the employer] "honestly believed in the nondiscriminatory reasons it offered, even if the reasons are foolish or trivial or even baseless."

(14a), *Merillat v. Metal Spinners, Inc.*, 470 F.3d 685, 693 (7th Cir. 2006, *comment added, internal quotations court supplied*).

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OPINIONS BELOW

The opinion of the United States Court of Appeals for the Seventh Circuit is officially reported at *Merillat v. Metal Spinners, Inc.*, 470 F.3d 685 (7th Cir. 2006). The opinion of the United States District Court for the Northern District of Indiana is unofficially reported at *Merillat v. Metal Spinners, Inc.* 2005 WL 2304753 (N.D. Ind. 2005).

STATEMENT OF JURISDICTION

This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1). The Seventh Circuit's opinion was rendered on December 6, 2006. No petition for rehearing was filed.

STATUTORY PROVISIONS INVOLVED

Title 29 United States Code, Section 623.

Prohibition of age discrimination.

(a) Employer practices

It shall be unlawful for an employer—

(1) to fail or refuse to hire or to discharge any individual or otherwise discriminate against any individual with respect to his compensation, terms, conditions, or privileges of employment, because of such individual's age; [or]

(2) to limit, segregate, or classify his employees in any way which would deprive or tend to deprive any individual of employment opportunities or otherwise adversely affect his status as an employee, because of such individual's age. . . .

* * *

(f) Lawful practices; age an occupational qualification; other reasonable factors; laws of foreign workplace; seniority system; employee benefit plans; discharge or discipline for good cause.

> It shall not be unlawful for an employer, employment agency, or labor organization—
>
> (1) to take any action otherwise prohibited under subsections (a), (b), (c), or (e) of this section where age is a bona fide occupational qualification reasonably necessary to the normal operation of the particular business, or where the differentiation is based on reasonable factors other than age.

Title 42 United States Code, Section 2000e-2.

Unlawful employment practices.

> (a) Employer practices
>
> It shall be an unlawful employment practice for an employer—
>
> (1) to fail or refuse to hire or to discharge any individual, or otherwise to discriminate against any individual with respect to his compensation, terms, conditions, or privileges of employment, because of such individual's . . . sex. . . .

STATEMENT OF THE CASE

A. Background

The issue posed for review arises under federal labor laws that prohibit workplace discrimination. In 1983, the petitioner Janet Merillat, ("Merillat") began employment with respondent Metal Spinners, Inc. ("Metal Spinners"). (2a). Metal Spinners provides a variety of metal-forming services. (2a) For several years up to the events here, Merillat was in charge of the metals department, holding the title "Purchase Manager." (2a; R. 479).[1] In November, 2002, the Chief Executive Officer of Metal Spinners, Olin Wiland ("CEO Wiland"), newly hired a younger

1. "R." designates record citations to Merillat's appendix in the Seventh Circuit.

male employee from outside the company, Craig Wehr ("Wehr")[2] to take over the metals department with a newly created title of "Vice President of Metals."[3] (3a). Metal Spinners denied Wehr replaced Merillat in her former position as head of metals. (R. 38, par. 12). However, the underlying tasks were exactly the same. (R. 481-82). The new younger male employee was started at $62,500.00 annually, while Merillat had been paid $49,800.00.[4] (R. 386, 427-28, 441).

During CEO Wiland's first discussion with Merillat about the new male employee, he ordered Merillat take down a cartoon lampooning discriminatory pay scales for women in the workplace. (3a). While the cartoon had been openly posted in Merillat's office for many years, Wiland had never before commented upon it–until he hired Wehr. (3a; R. 464).

Merillat was not immediately terminated, rather she was retained for a brief period, during which she trained Wehr in all aspects of her job at CEO Wiland's instruction. (R. 469, 442). Six (6) months later, she was gone. (3a). When CEO Wiland informed Merillat of his decision, she was told the termination was part of a reduction in force ("RIF") and *had nothing to do with her job performance*–that it was a "strictly economic" decision. (R. 443-44, 460-61).

In the alleged RIF, Metal Spinners terminated one other employee, transferred another employee to production and

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2. Wehr was 38 years old, and Merillat 49, at the relevant time periods. (4a).

3. At the same time, Merillat's title of "purchase manager" was eliminated, and Wiland gave her the lesser title "senior buyer." (2a).

4. The job description for Wehr's "new" vice-presidential position was a description of the job Merillat was performing. (R. 482). Also, in deposition, Wehr thoroughly described his work duties. (R. 318-79, 384). Those functions were all previously performed by Merillat. (R. 475). The major responsibilities were the same. (R. 468).

another employee retired. (3a-4a). However, when examining the staffing of the metals department, the employer's overall decision, to hire Wehr and fire Merillat, left the number of employees operating that department exactly the same.[5]

As to choosing to include Merillat in the RIF (instead of Wehr) based on a "strictly economic" decision; Wiland knew it would cost more in salaries to run the metals department under Wehr than it had under Merillat. (R. 417-18, 427).

After suit was filed, Metal Spinners asserted additional reasons why it preferred to hire Wehr and terminate Merillat. All reasons given, both at termination and after suit was filed, are discussed hereafter within the context of the lower court decisions.

B. District Court Proceedings

On May 14, 2004, Merillat filed her complaint in United States District Court for the Northern District of Indiana. (R. 30). The complaint alleged Metal Spinners had intentionally discriminated based on age and sex in violation of 42 U.S.C. § 2000e-2 ("Title VII") and the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. § 623).[6] After discovery, Metal Spinners filed a motion for summary judgment arguing Merillat could not establish a *prima facie* case on the *McDonnell Douglas* prongs of: 1) satisfactory performance; or, 2) any similarly situated employee treated more favorably. (R. 46). In

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5. Before November 2002, the metals department consisted of Merillat and one clerical subordinate. (R. 267-68). After June 3, 2003, the metals department was Wehr and one clerical subordinate–*sans* Merillat. (R. 415-17). Obviously, for the brief time from Wehr's hire to Merillat's termination, the metals department temporarily consisted of three (3) employees.

6. (R. 30). Merillat had also asserted a federal Equal Pay Act claim for the 6 months she and Wehr temporarily worked together (denied below).

the alternative, Metal Spinners argued its reasons for preferential treatment of the new younger male employee could not be shown to be pretext. (R. 46). Merillat responded with evidence supporting the *prima facie* case, and evidence showing that each of the employer's stated reasons were objectively unworthy of credence. (R. 282, 297).

The district court agreed with the employer on all issues, granting summary judgment to Metal Spinners on September 19, 2005. (26a).

C. The Seventh Circuit's Disagreement With The District Court's Grant Of Summary Judgment On Merillat's *Prima Facie* Case.

The Seventh Circuit held the district court erred in granting summary judgment on the *prima facie* case.[7] Where the district court erroneously found unsatisfactory performance, the Seventh Circuit recognized that prior years of Merillat's work evaluations were "largely positive."

> In her 2001 evaluation, Ms. Merillat received an "excellent" rating in ten categories and "satisfactory/good" ratings in seventeen categories, with no categories rating below "satisfactory/good."2 See R.36 at 14-15.
>
> * * *
>
> Similarly, in her 2002 evaluation, she received one "outstanding" rating, ten "excellent" ratings and sixteen "satisfactory/good" ratings, with no category rated lower than "satisfactory/good." Id. at 18-19.
>
> * * *

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7. There was no dispute before the district court that Merillat was in a protected class with respect to both her age and her sex, and that she suffered an adverse employment action. (10a).

> Additionally, she did receive a raise that stated it was based, in part, on her performance. Therefore, summary judgment for Metal Spinners on this prong would be inappropriate.

(11a-13a). On the issue of Wehr not being similarly situated, the Court of Appeals likewise disagreed with the district court's ruling.

> There is agreement that a good deal of Ms. Merillat's responsibilities were assumed by Wehr, who is neither female nor within the protected age group. We therefore must conclude Ms. Merillat has met this prong of the modified *McDonnell Douglas* test.

(13a).

D. The Seventh Circuit's Analysis Of Merillat's Evidence Of Pretext Under The "Honest Belief" Rule.

While rejecting the district court's conclusions on the *prima facie* case, the Seventh Circuit affirmed the lower court on the issue of pretext under the "honest belief" rule.

> Our only task is to determine whether [the employer] 'honestly believed in the nondiscriminatory reasons it offered, even if the reasons are foolish or trivial or even baseless.'

(14a). The court of appeals held that while Merillat's evidence might demonstrate the employer's decisions were a "mistake," that was not enough to get past the "honest belief" rule. (15a).

The overall reasoning for the RIF construct was given as follows:

> In late 2002 and the first half of 2003, Metal Spinners experienced significant financial difficulties and decided to eliminate some positions to decrease costs—a reduction in force ("RIF"). Ms. Merillat

> and another individual, Patrick O'Beirne, were terminated on June 3, 2003. Two other individuals were terminated on June 4, 2003.[8]

Metal Spinners took the position that Wehr's hire and Merillat's termination was not a replacement. (R. 38, 393-94). Merillat responded with the evidence that her inclusion in the RIF was a pretext for the employer's real intent to replace her with the new younger male employee. CEO Wiland admitted hiring Wehr because he was unhappy with Merillat. (R. 396-97). He also acknowledged subsequent discussions with consultants about the wisdom of having "replaced" Merillat with Wehr. (R. 423). Merillat also pointed out Wiland's inexplicable alteration of titles for the same job;[9] the title for a female formerly holding the position was replaced by a new prestigious title given to the new male employee. (R. 69, 475, 482). While Metal Spinners never abandoned its reasoning that Wehr's hire, followed by Merillat's termination, was not a replacement, her former duties as the head of the metals department were exactly the same as those newly assumed by Wehr under his new title "Vice President of Metals." (*Id.*).

Merillat also submitted evidence that the short time periods and ultimate lack of change in the number of employees staffing the metals department contradicted the claim of a RIF as the true motivation for her termination. Immediately before Wehr's hire, the metals department was headed by Merillat with one subordinate employee. (R. 267-68). After Wehr was hired, within six months Merillat was terminated, leaving the metals

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8. (13a-14a). As noted prior, one of the other employees was not terminated, but instead, transferred to production, and another accepted retirement. (3a-4a).

9. In deposition, CEO Wiland was forced to admit Merillat's job was either being performed by Wehr or improvements in computer systems. (R. 413).

department staffed with exactly the same number of employees–one department head and one subordinate employee–but now *sans* Merillat.[10]

As sub-reasoning for Merillat's inclusion in the RIF, the employer claimed its decision was driven by an economic downturn. However, Metal Spinners did not explain how keeping Wehr and terminating Merillat made "economic sense" given CEO Wiland's explicit admission that it cost more to run the metals department under Wehr, compared to Merillat, because new male employee was paid $7,000.00 more in annual salary. (R. 417-18, 427-28).

The employer alleged yet another reason for including Merillat in the RIF was because "many of Ms. Merillat's tasks could be done by upgrades to the existing Vantage system, making her a *plausible* candidate for termination to cut costs." (7a, *emphasis added*). Vantage is a computer inventory tracking system that was in use by Merillat.[11] As the prior head of metals, Merillat had regularly requested that Vantage be updated so that she could operate the metals department more efficiently. CEO Wiland denied Merillat's requests, (14a, note 3, R. 454-55, 482), but after her termination, Wiland gave Wehr those same upgrades. (R. 385, 389-91, 482-83). Moreover, Wehr had *no* experience on the Vantage System pre-hire and had to be given special training to operate the system.[12] Nor did Wehr

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10. (R. 415-17). When heading the department, Merillat and Wehr respectively had access to part time clerical assistance as well as the one full time subordinate, Amy Stevenson. *Id.*

11. "Ms. Merillat tracked suppliers, shipments and inventory by using three different computer programs: Vantage, Al-Net and Excel." (2a).

12. Wehr admitted he was given special training by Metal Spinners to operate Vantage and that he had no experience with this system before being hired by Metal Spinners in December 2002. (R. 96-97).

actually implement the system upgrades, rather Metal Spinners hired an outside consultant to perform those tasks for Wehr. (R. 390-91). And while the improvements given to Wehr made his job easier, he was not correspondingly given any additional tasks, rather, he continued to perform the same job previously performed by Merillat; the only differences being that Wehr was required to do less work and paid more money. (R. 413, 466-68, 475-76, 482).

The evidence did not logically relate improvements to the Vantage System as a reason to prefer terminating Merillat. Improvements that reduced the work to manage inventory was of equal benefit to whichever employee was retained to run the metals department. However, consistent with the "honest belief" rule validating *any reason*, no matter how "trivial or foolish," the Seventh Circuit analyzed the issue as follows:

> Ms. Merillat admits that many of her tasks are now performed by the Vantage computer system and therefore, at least one of the reasons given by Metal Spinners for her termination is not pretextual.

(14a)

The employer also recycled its argument of "unsatisfactory performance" from the *prima facie* case as a "legitimate" reason for its preference to terminate Merillat. While having rejected that reasoning within the *prima facie* analysis, the Seventh Circuit came to the opposite conclusion under the "honest belief" standard for evaluating evidence of pretext.

> Even though, as noted above, Ms. Merillat's performance may have been satisfactory, it does not mean that her termination as part of a RIF was discriminatory.

(15a). Here, the Seventh Circuit did not focus on the prior evaluations of satisfactory to excellent performance as it had in

the *prima facie* case. Rather, the court highlighted one past incident where Merillat admitted not having communicated diplomatically with co-workers. And, what was not discussed by the lower court is that years before her termination, Merillat had resolved the issue, much to her employer's effusively expressed satisfaction. In comments under for "teamwork" for 2001, CEO Wiland had written:

> She has *devoted* herself to improving her interpersonal skills and has done a *very good job* of establishing a positive team approach with suppliers and with co-workers.

(R. 445, *emphasis added*). And the comments continued under "work habits:" "Jan has made *tremendous improvement* in developing rapport with coworkers. . . ." (R. 446, *emphasis added*). Similarly under "overall assessment:" "Jan has made *tremendous progress* with areas previously noted for improvement." (R. 446, *emphasis added*). Again, in 2002, on the same issue CEO Wiland wrote:

> Jan demonstrates continued improvement in this area [teamwork] and she has done a good job of establishing a positive team approach with suppliers and with co-workers.

(12a, *emphasis and comment added*). Similarly on the critical function of inventory control for 2002, CEO Wiland noted under "Quality:" "Jan did an outstanding job of reducing raw materials inventories in 2002, although further reductions are achievable." (R. 447). And, under "productivity:" "Jan is very knowledgeable and she must focus on effectively communicating this knowledge throughout the production process. . . ."

Merillat consistently argued before both lower courts that the *pre-termination* evaluations, *pre-termination* merit raises, and *pre-termination* praise for performance were in glaring

contrast to Metal Spinners' unreasonable *post-litigation* claims that she was failing in job performance. Moreover, the employer's post-suit reason of poor performance was directly contradicted by the contemporaneous admissions of the decision-maker:

> . . . Ms. Merillat maintains that Wiland told her that her termination was not because of her job performance, and Wiland admitted in his deposition that it was "possible" that he told her that.

(16a, note 5, *emphasis added*). However, in applying the honest belief rule, the Seventh Circuit concluded:

> In a RIF, it is not pretextual to terminate an individual perceived to be a weak performer in an organization even if that individual's performance could also be characterized as satisfactory or adequate.

(17a).

The employer claimed as yet another reason for her termination that: "[Merillat] had less desirable education and experience than Wehr and Wehr was more willing and better able to implement new strategies." (14a). Both lower courts credited the employer's claim as irrefutably honest, despite objective evidence that Wehr was not more skilled and was failing in the position.

> Ms. Merillat attempts to counter these differences in education and experience by claiming that Wehr actually performed poorly at his job and had to be taught various skills by Ms. Merillat. However, such inadequacies by Wehr do not negate the fact that he has a different educational background and had different experiences from Ms. Merillat; therefore, he might well have been regarded as offering more potential to the company.

(16a, note 4).

> She nevertheless contends that Wehr has done a poor job because he has had inventory sitting idle for longer periods than she did when she was doing the metals purchasing. Ms. Merillat submits that Wehr's comparatively weaker performance demonstrates that Wiland was biased against her when he decided to terminate Ms. Merillat but to leave Wehr in his position.

(14a). And while the Seventh Circuit noted that Wehr had prior experience with "new computer systems for metals purchasing" *those systems were not the Vantage system used by Metal Spinners*. Wehr had no prior experience with Vantage; the employer had to provide him with special training, and special support staff just to utilize the system, contrasted with Merillat who had previous experience operating the metals department with Vantage (*albeit*, without the support and upgrades given Wehr). (R. 96-97, 385, 389-91, 482-83).

Curiously, when noting Wehr's perceived "superior" experience with other former employers, the Seventh Circuit stated by comparison that Merillat had "no experience in the metal industry prior to working for Metal Spinners" (16a, note 4), seemingly finding no meaning in *Merillat's nineteen (19) years of experience in the metal industry with this exact employer*. (*See*, 2a, noting Merillat began her employment with Metal Spinners in 1983). Nor in this context did the Seventh Circuit address that for several years before Wehr was hired, Merillat had been heading Metal Spinners' metals department. (2a, R. 479).

Compared to Merillat's 19 years experience in the metals industry, and documented praise for her knowledge and skills operating the metals department,[13] the evidence demonstrated

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13. *See*, discussion of Merillat's prior evaluations, *supra*, pp. 5-6, 10.

Wehr lacked suitable experience peculiar to this employer's business. Merillat was instructed by CEO Wiland to teach Wehr the aspects of her job. (R. 469, 442). While Merillat was training Wehr she learned that he knew nothing about the specialized metal spinning trade and it was apparent he did not have sufficient skills to run the department. (R. 465, 481). Nor was Merillat the only one holding this opinion; CEO Wiland admitted receiving a complaint from another colleague who was "not sure [Wehr] knows what he's doing." (R. 433). That Wehr "did not know what he was doing" was backed up by substantial objective evidence.

Internal records from the metals department documented Wehr's failing performance, but when faced with that evidence CEO Wiland continued to see "superior" qualities in Wehr. For example, CEO Wiland claimed (incorrectly) that Wehr was responsible for setting up the strategic relationships with metal suppliers. (R. 436). When pressed, of the five suppliers Wiland was able to name, he was forced to admit that Merillat set up the relationships with four. (R. 436-38).

CEO Wiland also wanted to reduce the number of metal suppliers. (R. 474). Merillat reduced them to 13 by the time of her termination, (*Id.*), but under Wehr this strategic planning goal deteriorated. (R. 475).

CEO Wiland also, at first, refused to acknowledge the objective documentation of Merillat's strong performance compared to Wehr's weak performance in the critical strategic planning of inventory control measured by the "turns rate." A low turns rate is undesirable because it means more raw inventory must be on hand to meet production. (R. 419). A lower rate results from the metals department ordering in quantities that exceed production needs or failing to effectively schedule shipments. (*Id.*) The ultimate negative net effect of a low turns rate is increased cost to the company. (*Id.*) An inventory with a

turns rate of 25 costs twice the capital investment to maintain compared to an inventory with a turns rate of 50. (*Id.*)

While Merillat was running the metals department, Wiland repeatedly emphasized the importance of the turns rate. (R. 484). The turns rate was a component of her performance as the department head and the turns rate is now a component of Wehr's performance. (R. 425-26, 432-33). Under Wehr the turns rate steadily deteriorated, but Wiland at first denied he knew this to be true. (R. 420). However, Wiland later admitted he "generally" knew that the turns rate under Merillat had been 52.3 and under Wehr turns had deteriorated to below 20. (R. 424-25). This decrease of 260% efficiency in turns directly relates to an increased cost of 260% to maintain same inventory necessary for production. (R. 483-84).

Yet, Wiland insisted Wehr's performance in running the metals department was better than Merillat's. (R. 418). Wiland even claimed Wehr's better abilities would be reflected in Wehr's first evaluation compared to the last evaluation of Merillat running the department. (R. 418, 429-30). This proved not to be true. Rather, Merillat's scores edged Wehr out (*note*: lower numbers indicate higher performance). Merillat's last performance rating running the metals department scored a 72, while Wehr's first available evaluation scored a 75. (R. 445-46, 449-50).

Wiland's views of Merillat as a relatively weak performer compared to Wehr were shown to be erroneous when looking at the objective evidence. While the Seventh Circuit acknowledged the evidence demonstrated Wehr might have been the weaker performer, it concluded that was not relevant to show pretext.

> Metal Spinners may have made a mistake in terminating Ms. Merillat rather than Wehr during the RIF. However, such information, even if proven

> to be true, would not be relevant to our present inquiry. Our only task is to determine whether Metal Spinners "honestly believed in the nondiscriminatory reasons it offered, even if the reasons are foolish or trivial or even baseless."
>
> * * *
>
> Even if Metal Spinners' decision was, in retrospect, a mistake, that conclusion, made with the benefit of hindsight, does not mean that Metal Spinners honestly did not believe that retaining Wehr and terminating Ms. Merillat was the appropriate decision at the time it was made.

(14a-15a).

Last, The Seventh Circuit ruled that the following odd exchange between Merillat and CEO Wiland could not be considered:

> Ms. Merillat had kept a cartoon posted on her bulletin board that lampooned the difference between salaries for men and women. The cartoon, which reasonably could be described as somewhat crude,[14] had been displayed on her board for over fifteen years. *On the day that Wiland told Ms. Merillat that Wehr had been hired, he asked her to take the cartoon down.*

(3a, *emphasis added*). While Merillat believes this incident, *in light of its timing and surrounding events*, was a window into CEO Wiland's underlying prejudices, the Seventh Circuit disagreed:

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14. (R. 464). The cartoon showed a little boy and girl looking down in their diapers with the caption "oh, so this is the difference in our salaries." No images of body parts were visible.

> We have said, however, that isolated comments that are no more than "stray remarks" in the workplace are insufficient to establish that a particular decision was motivated by discriminatory animus.

(17a-18a).

E. Conclusion Of The Seventh Circuit Affirming Summary Judgment On Pretext.

> [A]lthough Ms. Merillat has demonstrated disputed material facts sufficient to prevent summary judgment for failure to meet her *prima facie* burden, Metal Spinners has proffered legitimate, non-discriminatory reasons to support her termination; in response, Ms. Merillat has not produced evidence sufficient to create a triable issue of fact with respect to her burden of demonstrating that those reasons are pretextual. Accordingly, we affirm the district court's grant of summary judgment in favor of Metal Spinners on Ms. Merillat's age and sex discrimination claims.

(18a).

REASONS FOR GRANTING THE PETITION

I. Certiorari Is Appropriate To Decide Whether The Honest Belief Rule Is The Proper Standard To Evaluate Evidence Of Pretext In Title VII And ADEA Claims Under The *McDonnell Douglas* Burden Shifting Test.

A. The Honest Belief Rule Is In Conflict With Statements Of This Court And It Strikes The Wrong Balance Between The Role Of The Reviewing Court On Summary Judgment And The Finder-Of-Fact At Trial.

1. Introduction: The Honest Belief Rule May Erroneously Validate "Honest" Preferences Based On Illegal Criteria.

Under the "honest belief" rule, evidence that an employer's reasoning for preferential treatment was unreasonable or erroneous will not support a genuine issue of material fact on the issue of pretext. (14a-15a; *Merillat v. Metal Spinners, Inc.*, 470 F.3d 685, 693 (7th Cir. 2006)).

> Our only task is to determine whether [the employer] 'honestly believed in the nondiscriminatory reasons it offered, even if the reasons are foolish or trivial or even baseless.'

(Id.). Merillat is mindful that it is her ultimate burden to persuade a jury that the employer's true reason was discrimination. However, the 'honest belief" rule is an erroneous standard for purposes of summary judgment and strikes the wrong balance between the functions of the reviewing court and the ultimate function of the fact-finder at trial.[15]

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15. Petitioner believes that in a correct balance, a reviewing court would apply an objective "reasonable employer" standard on summary judgment, while a jury would decide whether to believe the employer made an "honest" mistake (and find no discrimination), or instead, draw an inference of discrimination based on the logic that employers do not normally make "foolish trivial or baseless" business decisions.

The Seventh Circuit's formulation of the honest belief rule is a defense that allows "foolish, trivial or baseless" reasoning to conclusively defeat a plaintiff's claim of pretext. Because the honest belief rule disavows any reference to what a reasonable employer would do, then, the employer's defense becomes virtually impenetrable. In the absence of an objective standard, the "honest belief" rule is a method for evaluating pre-text that may often have a serious disconnect with reality.[16] For example, the CEO of a company may "honestly" believe women have unsuitable temperaments for executive positions. As a result, the CEO may criticize a female executive for being overly demanding of subordinates, while a male executive exhibiting the same trait will be viewed as a bold leader. The CEO will "honestly" believe that the male has superior qualifications, but will not express that the underlying reason for his conclusion is based on an intentionally prejudiced view

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16. *See*, Linda Hamilton Krieger & Susan T. Fiske, *Behavioral Realism in Employment Discrimination Law: Implicit Bias and Disparate Treatment*, 94 Cal. L. Rev. 997, 1036 (2006)

> In a powerful series of experiments, MIT business-management professor Michael Norton and his colleagues demonstrated this effect in simulated hiring and higher education admissions decisions. They showed that subjects consistently altered the qualifications they deemed most relevant to the selection of a high-level construction manager, a stereotypically male job. [text omitted]. Either way, subjects tended to rank the criteria in a way that would justify selection of the male candidate on the grounds that he was "better qualified" than the female candidate they were rejecting. However, when subjects were forced to rank the selection criteria before seeing the candidates' resumes, gender bias in selection largely disappeared.

of women.[17] When the CEO replaces the female because of his discriminatory belief, so long as the CEO is careful not to *overtly* express his prejudiced views, the "honest belief" rule will place the underlying intentional discrimination beyond the reach of federal employment laws–even where superficial reasons given can be shown to have been objectively unreasonable or arbitrary.

McDonnell Douglas teaches that "it is abundantly clear that Title VII tolerates no [text omitted] discrimination, *subtle* or otherwise." *McDonnell Douglas Corp. v. Green*, 411 U.S. 792, 800, 93 S. Ct. 1817, 1823-24 (1973, *emphasis and editing added*). If subtle discrimination is to be eradicated, then, the "honest belief" rule should be abrogated and an employer's claimed legitimate reasons subjected to a standard that *objectively* evaluates the merits of that reasoning within the pretext stage of *McDonnell Douglas*.[18]

2. The Honest Belief Rule Conflicts With Statements Of This Court

The "honest belief" rule entitles an employer to summary judgement based on foolish, or trivial, or baseless decisions–unless the plaintiff can produce additional evidence of intentional discrimination or additional evidence (beyond foolish, trivial or baseless) that the employer knowingly engaged

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17. At this point in history, most employers are savvy enough to not openly express bigoted views about the elderly, women and minorities. In fact, the circuits have regularly acknowledged that there will rarely be direct evidence of discrimination. *See, e.g., Venturelli v. ARC Community Services, Inc.*, 350 F.3d 592, 599 (7th Cir. 2003).

18. "[T]he allocation of burdens and the creation of a presumption by the establishment of a prima facie case is intended progressively to sharpen the inquiry into the *elusive* factual question of intentional discrimination." *Texas Dept. of Community Affairs v. Burdine*, 450 U.S. 248, 255, 101 S. Ct. 1089, 1094 n.8 (1981, *emphasis added*).

in a false scheme.[19] *See, Jackson v. E.J. Brach Corp.*, 176 F.3d 971, 984 (7th Cir. 1999). While this Court has specifically commented that it has not had the "occasion to define more precisely what standard should govern pretext claims. . . ." (*Ash v. Tyson Foods, Inc.*, 546 U.S. 454, 126 S. Ct. 1195, 1198 (2006)), a purely subjective formulation like the "honest belief" rule is in seeming conflict with prior statements of this Court.

> The fact that a court may think that the employer misjudged the qualifications of the applicants does not in itself expose him to Title VII liability, *although this may be probative of whether the employer's reasons are pretexts for discrimination.*

Texas Dept. of Community Affairs v. Burdine, 450 U.S. 248, 259, 101 S. Ct. 1089, 1097 (1981, *emphasis added, citation omitted*).

> That the employer's proffered reason is *unpersuasive* . . . does not necessarily establish that the plaintiff's proffered reason of race is correct. *That remains a question for the factfinder to answer. . . .*

St. Mary's Honor Center v. Hicks, 509 U.S. 502, 524, 113 S. Ct. 2742, 2756 (1993, *emphasis added, text omitted*).

> [W]here an [ADEA] plaintiff has made out a *prima facie* case of intentional age discrimination ... the employer can rebut this case by producing evidence that its action was based on a *reasonable* nonage factor. Thus, the RFOA [reasonable factor other than age] provision codifies a safe harbor analogous to the "legitimate, nondiscriminatory reason" (LNR) justification later recognized in Title VII suits.
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19. The "honest belief" rule is strikingly similar to the "pretext plus" rule abrogated in *Reeves v. Sanderson Plumbing Products, Inc.*, 530 U.S. 133, 120 S. Ct. 2097 (2000).

> [T]he RFOA provision's reference to "reasonable" factors serves only to prevent the employer from gaining the benefit of the statutory safe harbor by offering an irrational justification. *Reliance on an unreasonable nonage factor would indicate that the employer's explanation is, in fact, no more than a pretext for intentional discrimination.*

Smith v. City of Jackson, 544 U.S. 228, 252-53, 125 S. Ct. 1536, 1551-52 (2002, *concurring opinion, editing added, text and citation omitted*).[20]

B. A Split Of Authority Has Developed In The Circuits Regarding Whether The Proper Test For Evaluating Evidence Of Pretext Should Apply A Subjective Or An Objective Standard.

The "honest belief" rule was first developed by the Seventh Circuit in *Kariotis v. Navistar Int'l Transp. Corp.*, 131 F.3d 672, 681 (7th Cir. 1997). In *Kariotis*, the Seventh Circuit recognized that the basis for the employee's termination might have been unreasonable ("objectively speaking, [the employer's] investigation left something to be desired"), but never-the-less held there was no evidence to support a finding of pretext because it was only the employer's "honest" belief that mattered. *Id.* at 675-77

> [A]rguing about the accuracy of the employer's assessment is a distraction ... because the question is not whether the employer's reasons for a decision are 'right but whether the employer's description of its reasons is honest.'

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20. The "RFOA provision as relevant here states: "Prohibition of age discrimination. (f) *Lawful practices . . . other reasonable factors. . . .* It shall not be unlawful for an employer . . . (1) to take any action otherwise prohibited . . . where the differentiation is *based on reasonable factors* other than age." 29 U.S.C. § 623 (f)(1)(*text omitted, emphasis added*).

Id. at 677. Similarly, the Ninth, Tenth, and Eleventh Circuits will not consider evidence that an employer's reasons were objectively unreasonable. *E.g.*, *Villiarimo v. Aloha Island Air, Inc.*, 281 F.3d 1054, 1063 (9th Cir. 2002) (all that matters is "that an employer honestly believed its reason for its actions, even if its reason is 'foolish or trivial or even baseless."); *Bullington v. United Air Lines, Inc.*, 186 F.3d 1301, 1318 (10th Cir. 1999) ("relevant inquiry is not whether [the employer's] proffered reasons were wise, fair or correct, but whether [the employer] honestly believed those reasons. . . .", *overruled on other grounds, Nat'l R.R. Passenger Corp. v. Morgan*, 536 U.S. 101 (2002)); *Rojas v. Florida*, 285 F.3d 1339, 1342 (11th Cir. 2002) ("issue to be resolved is not the wisdom or accuracy of Florida's conclusion that Rojas was an unsatisfactory employee. We are not interested in whether the conclusion is a correct one, but whether it is an honest one.").

However, the First, Fourth, Sixth, Eighth, and D.C. Circuits have used more objectively based evaluations of whether an employer's reasons are worthy of credence. *E.g.*, *Zapata Matos v. Reckitt & Colman, Inc.*, 277 F.3d 40, 45-46 (1st Cir. 2002) (rejecting a standard that would conclusively credit an employer's subjective belief in the honesty of its explanation); *EEOC v. Sears Roebuck and Co.*, 243 F.3d 846, 853-54 (4th Cir. 2001) (mistaken reasoning could be considered on the issue of pretext regardless of the employer's claim that it was honestly held at the time); *Smith v. Chrysler*, 155 F.3d 799, 806 (6th Cir. 1998) (evidence decision was not "reasonably informed" relevant to whether an employer's reasons are worthy of credence, expressly rejecting the "honest belief" rule as formulated by the Seventh Circuit in *Kariotis*); *Ryther v. KARE 11*, 108 F.3d 832, 840 (8th Cir. 1997) (pretext may be shown by

evidence that employer's decision making process was not sound);[21] *Aka v. Washington Hosp. Ctr.*, 156 F.3d 1284, 1294 (D.C. Cir. 1998) (pretext may be based on evidence that the employer unreasonably selects a less qualified candidate).

In *Smith* the Sixth Circuit gave explicit reasons for rejecting a subjectively based test that illustrates the importance of this Court reviewing this issue.

> We find such an abstract application of the rule to be at odds with the underlying purpose behind the Act- *i.e.*, that employment actions . . . regarding [protected classifications] be grounded on fact and not "on unfounded fear, prejudice, ignorance, or mythologies." 136 *Cong. Rec.* S 7422-03, 7437 (*daily ed.* June 6, 1990) (statement of Sen. Harkin). To the extent the Seventh Circuit's application of the "honest belief" rule credits an employer's belief without requiring that it be reasonably based on particularized facts rather than on ignorance and mythology, we reject its approach.

Smith v. Chrysler, 155 F.3d 799, 806 (6th Cir. 1998, *editing added*).

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21. The 8th Circuit in *Ryther* provides an excellent discussion of this issue.

> The ultimate concern, of course, is whether the employer gave an honest explanation of its behavior. Yet, in the nature of things, evidence that the defendant employer says it relied on later shown to be inaccurate may assist the finder of fact in determining whether the employer is giving an honest explanation of its actions. As the district court held, the jury reasonably could have found [the employer's] explanations to be "trivial" and inferred that the real reason [was age discrimination].

Ryther v. KARE 11, 108 F.3d 832, 840 (8th Cir. 1997, *editing added, citations omitted*).

Petitioner submits that this disagreement among the circuits on the appropriate standard to apply in evaluating pretext is both important and suitably matured for this Court's review.

D. The Facts Of This Case Present An Excellent Opportunity For Considering The Question Presented.

This case is uniquely suited for this Court to resolve the correct legal standard for weighing pretext evidence under *McDonnell Douglas*. If a subjective test is to be abrogated and an objective standard adopted, here, the facts are rich with evidence that the employer's reasoning was unreasonable, foolish, arbitrary or objectively wrong.[22]

The employer claimed it included Merillat in the RIF because Merillat's performance was unsatisfactory. However, objective evidence of the prior two (2) years of pre-termination evaluations universally rated Merillat satisfactory to excellent in all categories. The 2001 and 2002 evaluations also contained explicit praise for her constructive communication with co-employees and suppliers and explicit praise for her handling the critical functions of inventory control. Merillat also received a performance based pay raise prior to her termination. Moreover, this issue of alleged substandard performance was not raised by Metal Spinners until after suit was filed. By contrast, at termination, CEO Wiland told Merillat that her inclusion in the Mini-RIf had *nothing* to do with her performance.[23]

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22. Complete point citations to all facts discussed in this section are found *supra* in petitioner's *Statement of the Case*.

23. That the Seventh Circuit reached one conclusion on "satisfactory performance" in the *prima facie* case, but the opposite conclusion when examining the same evidence on pretext, highlights the inherent flaw with evaluating the first half of the *McDonnell Douglas* under an objective standard, while evaluating the second half by focusing only on the subjective beliefs of the employer.

The employer also claimed Merillat's termination was driven by a need to reduce the number of personnel (i.e., the RIF). However, before Wehr was hired, Merillat was heading the metals department with one (1) subordinate employee. Six months later Merillat was gone and Wehr was heading the metals department with one (1) subordinate employee. The decision to hire Wehr, and fire Merillat, resulted in a *null* reduction in force within the metals department (discounting the brief intervening period from Wehr's hire to Merillat's termination).

Metal Spinners also claimed that it did not hire Wehr with any intent to replace Merillat. However, a younger male employee, *new to the company*, assumed a position Merillat had previously held, and shortly thereafter, Merillat was fired. Despite this new employee being given a different title, and despite claims that his job was different, in fact, both the position and duties were exactly the same. Moreover, CEO Wiland admitted he had sought Wehr to head the metals department due to claimed dissatisfaction with Merillat, and he admitted to having had subsequent discussions with consultants in the context of having "replaced" Merillat with Wehr. Contemporaneous with these events, Merillat was ordered by CEO Wiland to take down a cartoon lampooning discriminatory pay scales for men and women at the exact same time she was being informed a new male employee had been hired to take over from her as the head of metals department; a new male employee CEO Wiland had decided to pay at a higher wage.

The employer also claimed that Merillat's inclusion in the RIF was for purely "economic" reasons. However, the numbers didn't add up. It was undisputed that it cost significantly more money to operate the metals department under Wehr, than it had cost in salary when Merillat was head of the metals department. Any *rational* purely economic cost analysis dictated the new higher paid Wehr would be the first to go–not Merillat.

Metal Spinners also claimed to terminate Merillat because some of her duties could be performed by improvements to the inventory control computer program known as "Vantage." This reasoning was a *non sequitur*. Improvements to Vantage would equally benefit whoever was retained to head the metal's department. That there would simply be improvements did not dictate any particular employee would be a superior beneficiary of those improvements. Whoever was retained to run the metals department would find their job made easier by the more efficient system.

And when it came to experience with Vantage, in any head to head comparison, Merillat was the objectively more qualified employee. Merillat had prior experience operating the Vantage System, while Wehr had *no experience* with Vantage. Wehr's skills were so lacking that he required special outside consultants to implement upgrades to the system, and required special training before he could operate any version of Vantage. More explicitly exposing the arbitrariness of Metal Spinners' reasoning, the upgrades to Vantage that were given the younger male replacement were the same upgrades regularly requested by Merillat when she was head of the metals department, and which requests were always denied.

Last, perhaps the most "elusive" area of subjective reasoning expressed by Metal Spinners was the claimed belief that Wehr had superior qualifications.

One alleged superior qualification concerned the ability to implement new inventory computer programs. Set against this claim was evidence that Wehr had no experience with the computer program actually being used by Metal Spinners; he needed special training to operate the system and needed a specially hired consultant to implement upgrades to Vantage. Merillat by contrast had experience operating the Vantage system, but had been denied any upgrades to it.

Metal Spinners also claimed Wehr's prior experience in running *other* employers' metal departments demonstrated he was "superior." However, when compared to Merillat's 19 years experience in the metals industry, years of heading this metals department, past performance ratings, past merit raises, and the employer's explicitly documented past praise for her knowledge and skills operating this metals department; any claim to prefer Wehr was objectively trivial.

This view of the evidence was further supported by Wehr's need for training *from Merillat* in all functions of this particular metals department, and her resulting observation that Wehr was not competent to handle the duties unique to this specialized metals trade. Another colleague shared that opinion, expressing doubts that Wehr "knows what he is doing." And while, these subjective opinions standing alone might be unpersuasive,[24] Wehr's performance records demonstrated he was objectively failing at core functions of running the metals department.

Merillat and her colleague's observation that Wehr lacked suitable skills could be objectively evaluated in light of Merillat's evaluations and records of performance as head of metals, against the first available similar data for Wehr.[25] In fact, the

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24. The Seventh Circuit holds that "[a]n employee's self-serving statements about [her] ability . . . are insufficient to contradict an employer's negative assessment of that ability." *Gustovich v. AT & T Communications, Inc.*, 972 F.2d 845, 848 (7th Cir. 1992). Merillat agrees that self-serving statements, standing alone, should not be considered, but where those statements are supported by other credible evidence, then, they should be considered. Merillat also believes the "self-serving" rule should apply to the employer with equal force.

25. Because Wehr was brand new to the company, he had no pre-RIF performance records. In such a circumstance the *McDonnell Douglas* burden shifting test should have been employed in a flexible manner to allow the most recent available comparisons on either side

(Cont'd)

employer invited a comparison of Merillat's performance records against the first available for the new younger male employee. When questioned about his perception that Wehr was the comparatively stronger performer, CEO Wiland stated that his opinions had been borne out by his observations of Wehr's post-RIF performance. However, when this belief was closely examined it was discovered that CEO Wiland was erroneously crediting Wehr with core tasks actually performed by Merillat. For example, CEO Wiland attempted to credit the new younger male employee with having accomplished the "strategic planning" task of setting up certain supplier relationships–a task largely completed by Merillat prior to termination.

CEO Wiland also claimed Wehr's post-termination evaluations supported that his decision was right. Actually, the direct opposite of this "belief" was true. In Wehr's very first performance evaluation he was rated slightly inferior compared to Merillat's last evaluation as head of metals.

And when examining the critical function of inventory control (expressed in "turns") the objective data showed Wehr to be over-whelmingly less competent than Merillat by a factor of more than 260% reduced efficiency; *i.e.*, a 260% increase in cost to maintain the same metals necessary for production.

(Cont'd)

of termination. However, the Seventh Circuit would not consider the evidence that the employer might have made a "mistake" because the decision could not be evaluated with the benefit of hindsight. (15a). However, refusing to consider the earliest available objective data of *actual* performance is to make impossible the task of refuting an employer's claimed ***subjective*** preference for a new employee based on *opinion*. Merillat submits that where the retained employee is relatively new, without any established track record of performance, then, the most recent post-event performance records for the preferred employee provide reasonable data against which the employer's claimed "honest" preference can be objectively evaluated.

CEO Wiland had repeatedly emphasized the importance of inventory turns when Merillat was head of metals. When confronted with Wehr's extraordinarily poor performance, CEO Wiland at first denied he knew about it–but later was forced to admit he knew it was true. Even though knowing all along that Wehr was failing in critical tasks of inventory control, CEO Wiland stuck with the opinion that Wehr was "superior" to Merillat.

As with the employer's other claims, CEO Wiland should be free to argue he "honestly" held a perception that the young male was superior to the older female, but where an employer's "perceptions" are skewed with objective reality, it should be the function of the jury to decide whether to either: a) believe the employer's claim that the preference was not based on discrimination (even though the expressed reasons were mistaken); or, b) draw an inference of pretext and discrimination based on evidence that the employer's choices were objectively unreasonable and wrong.

CONCLUSION

For the above reasons, a writ of certiorari should issue to review the judgment and opinion of the Court of Appeals for the Seventh Circuit.

Respectfully submitted,

NEAL LEWIS
LEWIS & ASSOCIATES
P.O. Box 68
Orland, IN 46776
(260) 829-6729

Counsel for Petitioner

APPENDIX

APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT DECIDED DECEMBER 6, 2006

IN THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

No. 05-4053

JANET M. MERILLAT,

Plaintiff-Appellant,

v.

METAL SPINNERS, INCORPORATED,

Defendant-Appellee.

Appeal from the United States District Court
for the Northern District of Indiana, Fort Wayne Division.
No. 04 C 193—William C. Lee, *Judge*

ARGUED MAY 8, 2006—DECIDED DECEMBER 6, 2006

Before BAUER, RIPPLE and ROVNER, *Circuit Judges.*

RIPPLE, *Circuit Judge.* Janet M. Merillat brought this action against her former employer, Metal Spinners, Inc., ("Metal Spinners"). She alleged age discrimination in violation of the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. § 621 et seq.; sex discrimination in violation of Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e

et seq.; and a violation of the Equal Pay Act ("EPA"), 29 U.S.C. § 206(d). Metal Spinners filed a motion for summary judgment; the district court granted that motion. For the reasons set forth in the following opinion, we affirm the judgment of the district court.

I

BACKGROUND

A. Facts

Metal Spinners provides a variety of metal-forming services, including metal spinning. Olin Wiland has been its chief executive officer since 1997.

Ms. Merillat began her employment with Metal Spinners in September 1983. At all times relevant to this litigation, she worked in the materials department, which consisted of Ms. Merillat and Amy Stevenson, who initially was supervised by Ms. Merillat. Until December of 2002, Ms. Merillat's title was Purchase Manager; she then became the Senior Buyer. As the Senior Buyer, her duties included creating various reports, purchasing, entering orders, shipping, meeting with management, scheduling trucks, supervising department employees, negotiating with suppliers, evaluating suppliers and creating a plan for reducing the costs of tools. Ms. Merillat tracked suppliers, shipments and inventory by using three different computer programs: Vantage, Al-Net and Excel. Consequently, Ms. Merillat sometimes had to enter the same data into more than one computer program. Ms. Merillat admitted that some

of her computer tasks were redundant, but maintains that Metal Spinners failed to give her the computer upgrades and training that would have enabled her to create all necessary reports on only one program.

In August of 2002, Metal Spinners created a new position, "Vice President of Procurement and Materials Management," and Wiland began a search for an individual to fill this position. The duties of this position included managing the materials department employees (Ms. Merillat and Stevenson), as well as establishing strategies to reduce inventory costs and increase profitability. The successful candidate would be expected to implement a new computer system. In November, Wiland offered the position to Craig Wehr. Wehr was 38 years old when he was hired; his starting salary was $62,500. At that time, Ms. Merillat earned $49,800. Ms. Merillat helped to train Wehr after he was hired.

Ms. Merillat had kept a cartoon posted on her bulletin board that lampooned the difference between salaries for men and women. The cartoon, which reasonably could be described as somewhat crude, had been displayed on her board for over fifteen years. On the day that Wiland told Ms. Merillat that Wehr had been hired, he asked her to take the cartoon down.

In late 2002 and the first half of 2003, Metal Spinners experienced significant financial difficulties and decided to eliminate some positions to decrease costs-a reduction in force ("RIF"). Ms. Merillat and another individual, Patrick O'Beirne, were terminated on June 3, 2003. Two other individuals were terminated on June 4, 2003. One of those

individuals, John Johnson, retired. The other, Jim Cranfull, had his position eliminated, but he was allowed to return to a former position on the production floor.

On the date of her termination, Ms. Merillat was 49 years old; Wehr was 38 years old. Some of Ms. Merillat's former duties, such as creating various reports, are now performed by the Vantage computer system, following a technical upgrade by Metal Spinners; other of Ms. Merillat's tasks have been absorbed into the positions occupied by Wehr and Stevenson.

B. District Court Proceedings

In addressing the merits of Metal Spinners' summary judgment motion, the district court first observed that Ms. Merillat had offered no direct evidence of either sex or age discrimination. The court then proceeded to assess both of these claims under the burden-shifting framework set forth in *McDonnell Douglas Corp. v. Green*, 411 U.S. 792, 93 S.Ct. 1817, 36 L.Ed.2d 668 (1973). The district court determined that Ms. Merillat could not establish two elements of the *McDonnell Douglas* prima facie test: that she was performing her job to her employer's reasonable expectations and that similarly situated employees outside of the protected classes were treated more favorably than she.

With regard to her work performance, the court noted that Wiland's deposition testimony was that Ms. Merillat had failed to meet his expectations because: (1) she was unable "to entertain strategic concepts and manage new projects"; (2) she was "unable to adequately supervise subordinates";

(3) she "did not get along well with her coworkers"; and (4) she was "unwilling to implement a corporate-wide computer system." R.50 at 7 (citing Wiland Dep., R.35 at 16-17). The district court also determined that Metal Spinners' evaluations of Ms. Merillat from 2000-2002 confirmed Wiland's deposition testimony. Although the evaluations contained numerical ratings that indicated that Ms. Merillat was performing satisfactorily during those years, the court credited Metal Spinners' contention that the comments on those reviews "indicate that Merillat was performing marginally at best." *Id.* at 9.

The district court further explained that:

> If Merillat had simply been fired from her job in the absence of a RIF, then she might have been able to argue that she was performing satisfactorily enough to not warrant being fired. But in this case she was not terminated for cause, but terminated due to reduction in force. This court agrees with Metal Spinners that what constitutes "satisfactory" work shifts a bit in a reduction in force case. Thus, while the record shows that Merillat was performing in the mid-range in some respects, the reviews also show that Merillat had some problems that concerned Metal Spinners enough that they were included in her evaluations. Thus, in this regard, the record supports Metal Spinners['] view that Merillat was a non-satisfactory performer.

Id.

Next, the district court examined the fourth prong of the traditional RIF *McDonnell Douglas* inquiry regarding the treatment of similarly situated employees not within the protected classes. Earlier in the opinion, the district court had noted that this circuit's precedent recognizes variations on the *McDonnell Douglas* analysis for a traditional RIF, where positions and duties are eliminated, and for what this court has called a "mini-RIF," where a discharged employee's duties are absorbed by other existing staff. *See Bellaver v. Quanex Corp.*, 200 F.3d 485, 493-95 (7th Cir.2000); *Paluck v. Gooding Rubber Co.*, 221 F.3d 1003, 1011-12 & n. 5 (7th Cir.2000). Specifically, the district court noted that under the modified *McDonnell Douglas* test appropriate in a "mini-RIF" situation, the fourth prong of the plaintiff's prima facie case is satisfied when the plaintiff demonstrates that her duties were absorbed by persons not in the protected class. When actually applying the *McDonnell Douglas* test, however, the district court looked to whether Ms. Merillat presented anyone similarly situated to her, an inquiry, which, as we have noted, is suited to the *McDonnell Douglas* test in a traditional RIF situation. *See Bellaver,* 200 F.3d at 494. Applying this test, the district court stated that Ms. Merillat failed to show that similarly situated, younger employees or similarly situated men were treated more favorably. *Id.* at 9. Although Ms. Merillat claimed that she and Wehr were similarly situated, the district court determined that they were not, based on its findings that Wehr was her supervisor and had more education and broader work experience than Ms. Merillat.

The district court also held that, even if Ms. Merillat had established a prima facie case, Metal Spinners had a

legitimate, non-discriminatory reason for terminating her: The company was experiencing an economic downturn. The court noted that many of Ms. Merillat's tasks now could be done by the new Vantage computer system, making her a plausible candidate for termination to cut costs. Additionally, the court stated that her poor job performance was a separate legally sufficient reason for her discharge.

Finally, the district court turned to Ms. Merillat's EPA claim in which she alleged that she was paid less than Wehr because of her gender. Relying upon *Cullen v. Indiana University Board of Trustees,* 338 F.3d 693, 698 (7th Cir.2003), the district court stated that, in order to establish a prima facie case of an EPA violation, Ms. Merillat needed to show that her job and Wehr's job required comparable skill, effort and responsibility. The court then held the jobs did not require comparable "skills" because Wehr's job required him to "supervise the department and implement new strategies to improve supplier relationships," while Ms. Merillat's did not. *Id.* at 19. The court also held that the jobs did not require equal "effort," because Wehr's added responsibilities "created more stress." *Id.* Finally, the court stated that the jobs did not require equal "responsibility," because Wehr had supervisory responsibility of the entire department, including Ms. Merillat. *Id.* Therefore, the district court held that Ms. Merillat could not establish a prima facie case of wage discrimination.

The district court further held that, if Ms. Merillat had established a prima facie case, the burden would shift to Metal Spinners to prove one of the statutory defenses, including that the unequal pay arose from a seniority system,

a merit system, or any factor other than gender. *Id.* at 19-20. The court found that Wehr had more experience and education than Ms. Merillat, and that this distinction, along with market forces, provided a reason other than sex that justified paying Wehr a higher salary. The court characterized Ms. Merillat's response to Metal Spinners' proffered non-discriminatory reasons for the pay differential as "fatally weak," finding that she merely had relied on her own testimony that she and Wehr "performed a common core of tasks." *Id.* at 21. The court, therefore, found that Ms. Merillat's EPA claim "fails as a matter of law." *Id.* at 22.

II

DISCUSSION

We review a district court's grant of summary judgment de novo, construing all facts and reasonable inferences in the light most favorable to Ms. Merillat, the nonmoving party. *Healy v. City of Chicago,* 450 F.3d 732, 738 (7th Cir.2006).

A. Age and Sex Discrimination

1. Prima Facie Case

Ms. Merillat submits that, employing the *McDonnell Douglas* framework, she has established a prima facie case of age and sex discrimination. *See McDonnell Douglas,* 411 U.S. 792, 93 S.Ct. 1817, 36 L.Ed.2d 668. Although *McDonnell Douglas* itself outlined a particular four-part showing that a plaintiff must make to establish her prima facie case, we long have recognized that the test is not

inflexible and is appropriately adapted where necessary to "reflect more fairly and accurately the underlying reality of the workplace." *Bellaver,* 200 F.3d at 494. In a mini-RIF context, a situation in which the dismissed worker's duties have been absorbed by another employee rather than eliminated, we employ one such modified version of the *McDonnell Douglas* framework. *Johal v. Little Lady Foods, Inc.*, 434 F.3d 943, 946 (7th Cir.2006); *Paluck,* 221 F.3d at 1011 n. 5. This approach requires that Ms. Merillat demonstrate that: (1) she is a member of a protected class; (2) she was meeting her employer's legitimate performance expectations; (3) she suffered an adverse employment action; and (4) her duties were absorbed by employees not in the protected classes.[1] *Johal,* 434 F.3d at 946; *Michas v. Health Cost Controls of Illinois,* 209 F.3d 687, 693 (7th Cir.2000).

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1. The parties in this case presented arguments relating to the viability of any comparison group presented by Ms. Merillat to demonstrate that similarly situated individuals outside the protected class were treated more favorably than she. This showing *would be* part of a plaintiff's prima facie showing under a traditional RIF test. *See Bellaver v. Quanex Corp.*, 200 F.3d 485, 494 (7th Cir.2000). In this case, however, since Ms. Merillat's duties were absorbed rather than eliminated, it is more properly evaluated under the mini-RIF test. *See Paluck v. Gooding Rubber Co.*, 221 F.3d 1003, 1011 n. 5 (7th Cir.2000) (stating that the key inquiry in determining whether to apply the RIF or the mini-RIF prima facie test is not the number of individuals terminated, but whether the duties of those individuals were absorbed by existing staff or eliminated altogether).

Although *Paluck*, a mini-RIF case, uses the "similarly situated" and "treated more favorably" language, our case law clarifies that this showing is satisfied in the mini-RIF context when a plaintiff

(Cont'd)

Appendix A

Metal Spinners does not dispute that Ms. Merillat is in a protected class with respect to both her age and her sex. Both parties also agree that Ms. Merillat suffered an adverse employment action when she was terminated. We therefore shall focus on the two contested prongs: whether Ms. Merillat was meeting her employer's legitimate expectations and whether her duties were absorbed by individuals not within her protected classes.

a. meeting legitimate expectations

Ms. Merillat contends that she was meeting her employer's expectations. She invites our attention to her yearly reviews for 2001 and 2002 in which Wiland's overall rating of her performance was "Satisfactory/Good." R.44, Ex.E-F. She also points to a letter that she received in January of 2003 that notes that she had been awarded a raise in her salary and that this adjustment in salary "recognize[d her] performance during the past year." R.44, Ex.L.

(Cont'd)
demonstrates that the *duties* of the terminated worker have been absorbed by *retained* workers outside of the protected class. *See Bellaver,* 200 F.3d at 495 ("The plaintiff in a [mini-RIF] case does not need to make a showing that 'similarly situated' employees were treated better because the inference of discrimination arises from the fact that they were constructively 'replaced' by workers outside of the protected class."); *Michas v. Health Cost Controls of Illinois, Inc.*, 209 F.3d 687, 693 (7th Cir.2000) (same). The retention of an employee outside the protected class to perform the plaintiff's duties is nothing more than a demonstration of more favorable treatment, particularly tailored to the factual circumstances of a mini-RIF case.

Metal Spinners relies on the same reviews. It submits that the written comments on those reviews indicate that Ms. Merillat was not meeting her employer's expectations. More specifically, Wiland testified in his deposition that Ms. Merillat did not meet his expectations for the following areas: ability to entertain strategic concepts and manage new projects, willingness to accept new challenges, ability to get along with others and willingness to implement a computer system. R.35 at 9-10.

The evaluations, while providing some negative comments, seem to be largely positive. In her 2001 evaluation, Ms Merillat received an "excellent" rating in ten categories and "satisfactory/good" ratings in seventeen categories, with no categories rating below "satisfactory/good."[2] *See* R.36 at 14-15. Some comments included on the evaluations are positive, such as "Jan has made tremendous progress with areas previously noted for improvement," *id.* at 15, and, in the area of work habits, "[s]he is performing at a level commensurate with her position and she needs to continue developing personally as an effective manager," *id.* Some comments, however, are more negative, such as Ms. Merillat "may need to consider delegating additional tasks," *id.*, and she "needs to explore alternatives to her current methods and practices so cost improvements can be realized," *id.* at 14.

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2. Some examples of the various categories on the evaluation form include: "Does the team member possess and apply the skill level necessary for the job?"; "Does the team member have a good attitude?"; and "Does the team member offer suggestions as to how to improve productivity?" R.36 at 14-15.

Similarly, in her 2002 evaluation, she received one "outstanding" rating, ten "excellent" ratings and sixteen "satisfactory/good" ratings, with no category rated lower than "satisfactory/good." *Id.* at 18-19. Again, there are some positive comments, such as Ms. Merillat "demonstrates continued improvement" in teamwork, *id.* at 18, and she "did an outstanding job of reducing raw materials inventories in 2002," *id.* There are also negative comments, such as she "has too many redundant/ duplicative business practices that must be challenged," *id.*, and she must work on "developing rapport with coworkers and with improving her overall morale and demeanor," *id.* at 19.

Mr. Wiland stated in his deposition that he had attempted to make the written evaluations as fair as possible. He first admitted in his deposition testimony that he did not indicate "specifically" on these evaluations that Ms. Merillat was failing in her expectations, R.35 at 20, but later stated that "printed words [on the evaluation forms] in conjunction with [the conversation he had with Ms. Merillat while going over the forms with her] indicate that she was not fulfilling the expectations that we had for her at that position," *id.* at 23.

For her part, Ms. Merillat admitted to "getting ugly" with co-workers when they "didn't do something right," in 2001, but also stated that later she "changed." R.33 at 13-15. She contends that her job performance was largely positive and that the reason for some of her failings was that she did not get the necessary computer upgrades and training to utilize the Vantage system and eliminate some of her redundant practices.

We must conclude that, based on this record, material issues of fact certainly remain with respect to whether Ms. Merillat was meeting her employer's expectations. Her employment evaluations are, at best, inconclusive. Additionally, she did receive a raise that stated it was based, in part, on her performance. Therefore, summary judgment for Metal Spinners on this prong would be inappropriate.

b. duties absorbed by individuals outside the protected classes

There is agreement that a good deal of Ms. Merillat's responsibilities were assumed by Wehr, who is neither female nor within the protected age group. We therefore must conclude that Ms. Merillat has met this prong of the modified *McDonnell Douglas* test.

2. Pretext

If the plaintiff does establish a prima facie case, the burden shifts to the defendant to articulate a legitimate, non-discriminatory reason for the termination. *See Johal,* 434 F.3d at 946. If the defendant does articulate such reasons, the burden shifts back to the plaintiff to prove the proffered reasons were pretextual. *See id.*

In the present case, where there is a genuine issue of material fact with respect to whether Ms. Merillat was meeting expectations, Metal Spinners can prevail on its motion for summary judgment only if it can show that there remains a non-pretextual and non-discriminatory reason for her discharge. Metal Spinners offers several

nondiscriminatory reasons for terminating Ms. Merillat as part of its RIF: Many of her duties could be eliminated by the implementation of the Vantage computer system; she had a history of difficulty working with co-workers and suppliers; she had less desirable education and experience than Wehr and Wehr was more willing and better able to implement new strategies.

Ms. Merillat admits that many of her tasks are now performed by the Vantage computer system and therefore, at least one of the reasons given by Metal Spinners for her termination is not pretextual.[3] She nevertheless contends that Wehr has done a poor job because he has had inventory sitting idle for longer periods than she did when she was doing the metals purchasing. Ms. Merillat submits that Wehr's comparatively weaker performance demonstrates that Wiland was biased against her when he decided to terminate Ms. Merillat but to leave Wehr in his position. However, much of Ms. Merillat's explanation for Wehr's poor performance refers to his performance after her termination. Metal Spinners may have made a mistake in terminating Ms. Merillat rather than Wehr during the RIF. However, such information, even if proven to be true, would not be relevant to our present inquiry. Our only task is to determine whether Metal Spinners "honestly believed in the nondiscriminatory reasons it offered, even if the reasons are foolish or trivial or

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3. Ms. Merillat does argue that, while she was employed, she had requested that the Vantage system be upgraded to help eliminate her redundant work practices. *See* Appellant's Br. at 33. However, this does not negate the fact that the computer can now produce the reports that Ms. Merillat formerly produced, which is a fact that she admits. *See id.*

even baseless." *Jackson v. E.J. Brach Corp.*, 176 F.3d 971, 984 (7th Cir.1999); *see also Balderston v. Fairbanks Morse Engine*, 328 F.3d 309, 323 (7th Cir.2003) ("[A] plaintiff must do more than demonstrate that the employer made a mistake . . . ."). Even if Metal Spinners' decision was, in retrospect, a mistake, that conclusion, made with the benefit of hindsight, does not mean that Metal Spinners honestly did not believe that retaining Wehr and terminating Ms. Merillat was the appropriate decision at the time it was made. *See Johal*, 434 F.3d at 946 (stating that, when examining a claim of pretext, "it is not our role to question the wisdom of a company's decisions on how to run its business"); *McKnight v. Kimberly Clark Corp.*, 149 F.3d 1125, 1129 (10th Cir.1998) ("An articulated motivating reason is not converted into pretext merely because, with the benefit of hindsight, it turned out to be poor business judgment.").

Ms. Merillat further submits that the district court created a new standard when it stated that "what constitutes 'satisfactory' work shifts a bit in a reduction in force case." Appellant's Br. at 25 (quoting R.50 at 9). However, when read in context, it is clear that the district court was only stating what we have already recognized: that, even if an employee would not have been fired under normal circumstances, "[i]n a reduction in force, someone has to go. It is usually the least qualified or least productive employee." *Fairchild v. Forma Scientific, Inc.*, 147 F.3d 567, 573 (7th Cir.1998). Even though, as noted above, Ms. Merillat's performance may have been satisfactory, it does not mean that her termination as part of a RIF was discriminatory. *See Balderston*, 328 F.3d at 324 (holding that the plaintiff did not demonstrate pretext when there was no

evidence to show that the employer "did not honestly believe [it] was dismissing a poorer performing, less suitable" employee in a RIF).[4]

Relatedly, Ms. Merillat points out that, when Wiland told her that she was terminated, he told her it was due to "the poor performance of the company and economic softening in the marketplace." Wiland Dep., R.44, Ex.D-2 at 27. He admitted in his deposition testimony that he accurately represented to her the reasons for her termination.[5] *Id.* This

4. The record certainly contains evidence that supports Wiland's judgment in this respect. Ms. Merillat had only one year of post-high school education (a legal secretary degree) while Wehr had a bachelor's degree in business administration. Additionally, Ms. Merillat had no experience in the metal industry prior to working at Metal Spinners, while Wehr had previously overseen two other metal purchasing departments, had experience with new computer systems for metals purchasing and had significant contacts in the metal industry. *See Patterson v. Avery Dennison Corp.*, 281 F.3d 676, 680 (7th Cir.2002) (finding that employees with different qualifications and experiences were not similarly situated); *Doan v. Seagate Tech., Inc.*, 82 F.3d 974, 979 (10th Cir.1996) (holding that employee without relevant degree is not similarly situated to those with relevant degrees). Ms. Merillat attempts to counter these differences in education and experience by claiming that Wehr actually performed poorly at his job and had to be taught various skills by Ms. Merillat. However, such inadequacies by Wehr do not negate the fact that he has a different educational background and had different experiences from Ms. Merillat; therefore, he might well have been regarded as offering more potential to the company.

5. In fact, Ms. Merillat maintains that Wiland told her that her termination was not because of her job performance, and Wiland admitted in his deposition that it was "possible" that he told her that. R.44, Ex.D-2 at 23.

statement is consistent with a termination under a RIF. Even if Ms. Merillat's performance was sufficiently acceptable to justify retaining her in better times, that consideration does not establish that Metal Spinners' reasons for terminating her in a RIF situation were pretextual. *See Fairchild,* 147 F.3d at 573. In a RIF, it is not pretextual to terminate an individual perceived to be a weak performer in an organization even if that individual's performance could also be characterized as satisfactory or adequate.

Next, Ms. Merillat contends that Wiland preferred to work with members of his social group and therefore chose a younger male colleague over Ms. Merillat. In support of this contention, Ms. Merillat points to the several occasions on which Wiland had lunch, drinks or dinner with Wehr, while he had never done any of the same with Ms. Merillat. However, in this context, socializing with someone who is not a member of a protected class does not demonstrate bias against those who are in a protected class. The fact that Wiland and Wehr had a more amiable social relationship is not enough to demonstrate that Wiland's reasons for terminating Ms. Merillat were pretextual and that he was actually motivated by age and/or sex discrimination. *See, e.g., Pope v. ESA Servs., Inc.,* 406 F.3d 1001, 1007-08 (8th Cir.2005) (stating that the fact that a decision-maker went to lunch with white managers does not mean that his decision not to promote a minority employee was pretextual).

Finally, Ms. Merillat points to Wiland's request that she remove the cartoon lampooning the differences between male and female salaries that she had hanging on her bulletin board. Ms. Merillat argues that this incident is relevant to show bias

toward women in the workplace. We have said, however, that isolated comments that are no more than "stray remarks" in the workplace are insufficient to establish that a particular decision was motivated by discriminatory animus. *See Cullen v. Olin Corp.*, 195 F.3d 317, 323 (7th Cir.1999). We have cautioned that this general rule may give way where particular remarks in fact support an inference that unlawful bias motivated the decision-maker, such as when those remarks are made by the decision-maker or one having input in a decision, and are made "(1) around the time of, and (2) in reference to, the adverse employment action complained of." *Hunt v. City of Markham, Illinois*, 219 F.3d 649, 652-53 (7th Cir.2000). Wiland's statement regarding the cartoon fits neither of those categories, nor does it otherwise demonstrate a bias on Wiland's part sufficient to support an inference of discriminatory animus. It is, therefore, clearly insufficient to sustain a determination that the reasons for the discharge stated by Wiland and supported by evidence were pretextual in nature.

Accordingly, we must conclude that although Ms. Merillat has demonstrated disputed material facts sufficient to prevent summary judgment for failure to meet her prima facie burden, Metal Spinners has proffered legitimate, non-discriminatory reasons to support her termination; in response, Ms. Merillat has not produced evidence sufficient to create a triable issue of fact with respect to her burden of demonstrating that those reasons are pretextual. Accordingly, we affirm the district court's grant of summary judgment in favor of Metal Spinners on Ms. Merillat's age and sex discrimination claims.

B. Equal Pay Act

1. Prima Facie Case

In order to establish a prima facie case under the EPA, Ms. Merillat must show: "(1) higher wages were paid to a male employee, (2) for equal work requiring substantially similar skill, effort and responsibilities, and (3) the work was performed under similar working conditions." *Cullen v. Indiana Univ. Bd. of Trs.*, 338 F.3d at 698 (quoting *Stopka v. Alliance of American Insurers*, 141 F.3d 681, 685 (7th Cir.1998)). The parties do not dispute the first prong. Wehr's salary was $62,500; Ms. Merillat's salary was $49,800. R.29 at 1. With respect to the third prong, Ms. Merillat and Wehr worked together in the same office, and Metal Spinners does not argue that their work was not performed under similar working conditions. Therefore, only the second prong is at issue: whether Ms. Merillat and Wehr's positions required "substantially similar skill, effort and responsibilities."

In order to determine whether or not the two jobs are equal, we look to whether the jobs have a "common core of tasks, i.e., whether a significant portion of the two jobs is identical." *Cullen v. Indiana Univ. Bd. of Trs.*, 338 F.3d at 698 (internal quotation marks omitted). Once a plaintiff establishes a "common core" of tasks, we ask whether any additional tasks make the jobs "substantially different." *Id.* When assessing job duties, each of the elements listed in the EPA (skill, effort and responsibilities) must be met individually to establish a prima facie case. *Id.; see also* 29 C.F.R. § 1620.14. We look to the actual job duties performed by each employee, not to his or her job description

or title. *See Dey v. Colt Constr. & Dev. Co.*, 28 F.3d 1446, 1461 (7th Cir.1994).

Ms. Merillat asserts that she and Wehr had many of the same tasks, including: negotiating with suppliers, buying materials, and allocating materials for production. However, Metal Spinners submits that there are two areas in which Ms. Merillat and Wehr's job duties differed. These two differences, it asserts, make their respective jobs "substantially different" for purposes of the Equal Pay Act: (1) Wehr's responsibility for "strategic planning"; (2) Wehr's supervision of Ms. Merillat. We shall discuss each of these factors in turn.

Metal Spinners contends that part of Wehr's job duties included strategic planning, which it states required him to "implement new strategies to improve supplier relationships." Appellee's Br. at 43. Wehr also testified that his job duties included "establishing strong relationships with . . . suppliers." R.44, Ex.C-1 at 14. Ms. Merillat testified that, during the six months that she remained at Metal Spinners after the arrival of Wehr, she participated in this function because she "sat in on almost every meeting that [Wehr] had with the suppliers." R.44, Ex.H at 8. In his deposition, Wiland stated that, before Wehr was hired, Ms. Merillat was responsible for "obtaining cost effective purchasing and costing for our metals," and that she "was responsible for investigating alternative methods and practices that would improve the profitability of the company, specifically pertaining to [her responsibility in] supplier relationships." R.35 at 8. Ms. Merillat testified that, after Wehr was hired, she continued to work to reduce the number of suppliers, as

Wiland had requested. *See* R.33 at 5. She also stated that she continued to "negotiate with suppliers" after Wehr was hired. R.44, Ex.H at 20.

We believe that it is clear on the record as a whole that, with respect to strategic planning, Ms. Merillat's day-to-day duties with regard to suppliers did not change appreciably; she never assumed corporate-wide responsibility for the planning responsibilities placed on Wehr's shoulders upon his accepting the vice-presidential position at Metal Spinners. Thus, at the time his compensation was set, it was understood that he would handle significant responsibilities that had not been Ms. Merillat's. That Ms. Merillat did not see Wehr make significant contributions toward the achievement of those goals does not establish that the company's expectations with respect to Wehr's performance had changed.

Next, we turn to Wehr's supervisory duties. All parties agree that Wehr's job duties included functioning as Ms. Merillat's supervisor. *See* Wiland Dep., R.44, Ex.D-1 at 9; Merillat Dep., R.44, Ex.H at 7. Ms. Merillat also admitted, in her deposition, that Wehr had supervisory duties over the materials department employees. R.44, Ex.H at 2. She explained that Wehr, not she, had the authority to hire and fire employees, and that Stevenson would contact Wehr when she was calling in sick. *Id.* Stevenson, in her deposition, agreed that Wehr had become her direct supervisor when he was hired. R.37 at 4.

Wehr therefore had supervisory duties that Ms. Merillat did not exercise. Of course, as we have noted, not all differences in supervisory duty render two positions unequal

for purposes of the EPA. *See Fallon v. State of Illinois*, 882 F.2d 1206, 1209-10 (7th Cir.1989). Indeed, there are some indications that Wehr's supervisory duties were, in actuality, minimal. Ms. Merillat submits that, although Wehr was supposed to function as her supervisor, in reality, she worked independently, and he did not supervise her. *See* Merillat Dep., R.44, Ex.H at 7 (stating, in response to a question regarding Wehr's supervisory duties with respect to her: "I pretty much work on my own. If he had questions, he would come and ask me. I was always there on time. I didn't call in sick.").

Ms. Merillat's 2002 evaluation lends some support to her contention that she continued to have a degree of supervisory authority over Stevenson. The evaluation states that, in 2003, Ms. Merillat must pursue "management" and "leadership" skills so that she may "effectively manage others on her staff." R.36, Ex.7 at 1. This statement seems to indicate that she was charged at least with supervising some of the duties of Stevenson, the only other materials department employee. Nevertheless, it is clear that, although neither had great supervisory authority over other personnel, Wehr did have more authority than Ms. Merillat.

We conclude that the record, fairly read in its totality, leads to the conclusion that Wehr and Ms. Merillat did not have equal levels of responsibility. "Responsibility is concerned with the degree of accountability required in the performance of the job, with emphasis on the importance of the job obligation." 29 C.F.R. § 1620.17(a). Ms. Merillat has therefore failed to establish a prima facie case under the Equal Pay Act.

2. Affirmative Defense

Assuming, *arguendo,* that Ms. Merillat has established a prima facie case, the burden would shift to Metal Spinners to establish one of four statutory defenses. *Cullen v. Indiana Univ. Bd. of Trs.,* 338 F.3d at 702. The statutory defenses occur when the rate of pay is determined "pursuant to (i) a seniority system; (ii) a merit system; (iii) a system which measures earnings by quantity or quality of production; or (iv) a differential based on any factor other than sex." 29 U.S.C. § 206(d)(1). Metal Spinners submits that the fourth defense is applicable because the difference in pay between Wehr and Ms. Merillat was based on factors "other than sex." More specifically, Metal Spinners contends that the difference in pay was based, at least in part, on the difference between Wehr's and Ms. Merillat's educational background and industry-related experiences. Wehr held a bachelor's degree in business administration; Ms. Merillat had only a one-year legal secretary degree. Wehr had previous experience in the metal industry, had previously overseen two other purchasing departments and had experience implementing computer systems in metals purchasing. Ms. Merillat had not worked in the metals industry prior to her tenure at Metal Spinners. The record reveals, therefore, that there are real differences between the two employees' experience and education. Under the EPA, differences in education and experience may be considered factors other than sex. *See Cullen v. Indiana Univ. Bd. of Trs.,* 338 F.3d at 702; *Dey,* 28 F.3d at 1462; *Stanley v. Univ. of Southern California,* 13 F.3d 1313, 1322 (9th Cir.1994) ("Employers may reward professional experience and education without violating the EPA.").

Metal Spinners also submits that Wehr's salary was determined by market forces. Mr. Wiland noted that, when he decided to create the position of Vice President of Procurement and Materials Management, he enlisted the help of a search firm and was informed that the market rate for such a position was $65,000-$75,000. Mr. Wiland also consulted trade journals to determine the appropriate market rate for such a position. We have held that an employer may take into account market forces when determining the salary of an employee. *See Cullen v. Indiana Univ. Bd. of Trs.*, 338 F.3d at 703; *Stopka v. Alliance of American Insurers*, 141 F.3d 681, 687 (7th Cir.1998) (accepting a difference in pay as based on a factor other than gender when motivated by "legitimate market forces").[6]

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6. We recognize that we must be cautious when analyzing an employer's claim that "market forces" justify a higher salary, as companies may use such a theory "to justify lower wages for female employees simply because the market might bear such wages." *Taylor v. White*, 321 F.3d 710, 718 (8th Cir.2003); *see also Corning Glass Works v. Brennan*, 417 U.S. 188, 205, 94 S.Ct. 2223, 41 L.Ed.2d 1 (1974) (finding a violation of the EPA when a company "took advantage" of a "job market in which [the employer] could pay women less than men for the same work"); *Siler-Khodr v. Univ. of Texas Health Sci.*, 261 F.3d 542, 549 (5th Cir.2001) (finding an employer's market forces argument "not tenable" when it "simply perpetuates the discrimination that Congress wanted to alleviate when it enacted the EPA"). The record does not support the inference that Metal Spinners took advantage of any kind of market forces that would permit different pay for a male and a female for the same position.

Metal Spinners has put forth evidence that the difference in pay was based on a factor other than sex; specifically, the difference was based on Wehr's education, his experience and the market forces at the time of his hire. Ms. Merillat has not put forth evidence to place the facts surrounding these stated rationales in dispute. Therefore, summary judgment also was appropriate based on Metal Spinners' affirmative defense of the pay differential being based on a "factor other than sex." *See* 29 U.S.C. § 206(d)(1)(iv).

Conclusion

For the forgoing reasons, the judgment of the district court is affirmed.

AFFIRMED.

A true Copy:

Teste:

Clerk of the United States Court of Appeals for the Seventh Circuit

APPENDIX B — OPINION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF INDIANA, FORT WAYNE DIVISION ENTERED SEPTEMBER 19, 2005

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF INDIANA FORT WAYNE DIVISION

CIVIL NO. 1:04cv193

JANET M. MERILLAT,

Plaintiff,

v.

METAL SPINNERS, INC.,

Defendant.

OPINION AND ORDER

This matter is before the court on a motion for summary judgment filed by the defendant, Metal Spinners, Inc ("Metal Spinners"), on May 18, 2005. The plaintiff, Janet M. Merillat ("Merillat"), responded to the motion on July 19, 2005. Metal Spinners filed its reply on August 5, 2005.

For the following reasons, Metal Spinners' motion for summary judgment will be granted.

Appendix B

Summary Judgment Standard

Summary judgment is proper "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(c). However, Rule 56(c) is not a requirement that the moving party negate his opponent's claim. *Fitzpatrick v. Catholic Bishop of Chicago,* 916 F.2d 1254, 1256 (7th Cir.1990). Rule 56(c) mandates the entry of summary judgment, after adequate time for discovery, against a party "who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and in which that party will bear the burden of proof at trial." *Celotex Corp. v. Catrett,* 477 U.S. 317, 322, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). The standard for granting summary judgment mirrors the directed verdict standard under Rule 50(a), which requires the court to grant a directed verdict where there can be but one reasonable conclusion. *Anderson v. Liberty Lobby, Inc.,* 477 U.S. 242, 250, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986). A scintilla of evidence in support of the non-moving party's position is not sufficient to successfully oppose summary judgment; "there must be evidence on which the jury could reasonably find for the plaintiff." *Id. In Re Matter of Wildman,* 859 F.2d 553, 557 (7th Cir.1988); *Klein v. Ryan,* 847 F.2d 368, 374 (7th Cir.1988); *Valentine v. Joliet Township High School District No. 204,* 802 F.2d 981, 986 (7th Cir.1986). No genuine issue for trial exists "where the record as a whole could not lead a rational trier of fact to find for the nonmoving party." *Juarez v. Ameritech Mobile Communications, Inc.,* 957 F.2d 317,

322 (7th Cir.1992)(quoting *Matsushita Electric Industrial Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 586, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986)).

Initially, Rule 56 requires the moving party to inform the court of the basis for the motion, and to identify those portions of the "pleadings, depositions, answers to interrogatories, and admission on file, together with the affidavits, if any, which demonstrate the absence of a genuine issue of material fact, *Celotex,* 477 U.S. at 323. The non-moving party may oppose the motion with any of the evidentiary materials listed in Rule 56(c), but reliance on the pleadings alone is not sufficient to withstand summary judgment. *Goka v. Bobbitt,* 862 F.2d 646, 649 (7th Cir.1988); *Guenin v. Sendra Corp.,* 700 F.Supp. 973, 974 (N.D.Ind.1988); *Posey v. Skyline Corp.,* 702 F.2d 102, 105 (7th Cir.), *cert. denied,* 464 U.S. 960, 104 S.Ct. 392, 78 L.Ed.2d 336 (1983).

So that the district court may readily determine whether genuine issues of material fact exist, under Local Rule 56.1, the moving party is obligated to file with the court a "Statement of Material Facts" supported by appropriate citation to the record to which the moving party contends no genuine issues exist. In addition, the non-movant is obligated to file with the court a "Statement of Genuine Issues" supported by appropriate citation to the record outlining all material facts to which the non-movant contends exist that must be litigated. *See, Waldridge v. American Hoechst Corp. et al.,* 24 F.3d 918 (7th Cir.1994). In ruling on a summary judgment motion the court accepts as true the non-moving party's evidence, draws all legitimate inferences in favor of

the non-moving party, and does not weigh the evidence or the credibility of witnesses. *Anderson,* 477 U.S. at 249-251, 106 S.Ct. at 2511. Furthermore, in determining the motion for summary judgment, the court will assume that the facts as claimed and supported by admissible evidence by the moving party are admitted to exist without controversy, except to the extent that such facts are controverted in the "Statement of Genuine Issues" filed in opposition to the motion. L.R. 56.1

Substantive law determines which facts are material; that is, which facts might affect the outcome of the suit under the governing law. *Anderson,* 477 U.S. at 248. Irrelevant or unnecessary facts do not preclude summary judgment even when they are in dispute. *Id.* The issue of fact must be genuine. Fed.R.Civ.P. 56(c), (e). To establish a genuine issue of fact, the non-moving party "must do more than simply show that there is some metaphysical doubt as to the material facts." *Matsushita,* 475 U.S. at 586; *First National Bank of Cicero v. Lewco Securities Corp.,* 860 F.2d 1407, 1411 (7th Cir.1988). The non-moving party must come forward with specific facts showing that there is a genuine issue for trial. *Id.* A summary judgment determination is essentially an inquiry as to "whether the evidence presents a sufficient disagreement to require submission to a jury or whether it is so one-sided that one party must prevail as a matter of law." *Anderson,* 477 U.S. at 251-252. Finally, the court notes that, "[i]t is a gratuitous cruelty to parties and their witnesses to put them through the emotional ordeal of a trial when the outcome is foreordained" and in such cases summary judgment is appropriate. *Mason v. Continental Illinois Nat'l Bank,* 704 F.2d 361, 367 (7th Cir.1983).

Appendix B

Discussion

Merillat is a 49 year old female who worked for Metal Spinners from 1983 through June 3, 2003. Merillat's job title was Purchase Manager until December of 2002. From December of 2002 until her termination, Merillat had the job title of Senior Buyer. Merillat's job duties as a Purchase Manager included complying with company policies; managing the purchase procurement of metals and materials, supplies, small tools, and hand tools; accounting for the previously mentioned items; issuing materials to production jobs; safe-guarding and accounting for inventory; managing the effectiveness of suppliers; overseeing the day-to-day activities as needed; managing and supervising various administrative assistants and associates; and representing Metal Spinners in a professional manner.

Olin Wiland ("Wiland") is the CEO of Metal Spinners. Wiland made the final determination to terminate Merillat. Wiland claims that he terminated Merillat because Metal Spinners was experiencing an economic downturn and Merillat's termination was a result of a reduction in force ("RIF"). In addition, Wiland states that he based his decision to terminate Merillat on the fact that he felt that her duties could be absorbed by other employees or a computer program, Vantage Computer System ("Vantage"). In addition to Merillat, the Vice President of Sales and Marketing, Patrick O'Beirne, was also terminated. O'Beirne is a male, who was under age 40 at the time of his termination.

In December 2002, approximately six months prior to Merillat's termination, Craig Wehr ("Wehr"), a male (age

38) was hired as the Vice President of Procurement and Materials Management. Wehr's jobs duties included establishing strategic relationships with metal suppliers and subsequent outside processing suppliers; supervising the day-to-day material requirements and activities of the department and employees; evaluating and documenting supplier ratings and criteria for delivery, quality, and pricing; and any other duties as assigned by Wiland. After Wehr was hired, Merillat had the job title of Senior Buyer and many of her managerial duties were given to Wehr. Wehr had a base salary of $65,000 while Merillat's salary was $49,800. Wehr also acted as Merillat's supervisor during the six months that they worked together. Metal Spinners did not subsequently hire anyone to the position of Purchasing Manager or Senior Buyer. Merillat's former job duties are now being performed by the Vantage program or other employees, including Wehr.

Merillat has sued Metal Spinners under the Age Discrimination in Employment Act ("ADEA"), alleging age discrimination, Title VII of the 1964 Civil Rights Act ("Title VII"), alleging gender discrimination and the Equal Pay Act, 29 U.S.C § 206(d) ("EPA"), alleging unequal pay based on gender.

With respect to her ADEA claim, Merillat claims that she was terminated from employment at Metal Spinners because of her age; she was 49 years-old at the time of her termination. The ADEA prohibits an employer from "discharg[ing] any individual ... because of such individual's age." *Schuster v. Lucent Technologies, Inc.* 327 F.3d 569, 573 (Ill.2003) (citing 29 U.S.C. § 623(a)(1) (2003)). To establish a claim under the ADEA, a plaintiff-employee must

show that age actually motivated the employer's decision and influenced the outcome. *Id.* (Citing *Reeves v. Sanderson Plumbing Prods., Inc.*, 530 U.S. 133, 141, 120 S.Ct. 2097, 147 L.Ed.2d 105 (2000)). The claim may be proven through direct evidence of the employer's discriminatory motive, or through the indirect approach articulated in *McDonnell Douglas Corp. v. Green*, 411 U.S. 792, 802, 93 S.Ct. 1817, 36 L.Ed.2d 668 (1973).

To survive a motion for summary judgment, a plaintiff under ADEA does not need direct evidence, but need only raise an inference of discrimination. *Karitotis v. Navistar International Transportation Corp.*, 131 F.3d 672, 676 (7th Cir.1997). Here, Merillat does not present any direct proof that Metal Spinner's decision to terminate her position was based on age discrimination, therefore the facts must be analyzed using the *McDonnell Douglas* burden shifting test. In order to establish a *prima facie* case of age discrimination under this test, Merillat must prove she was (1) in a protected class (over the age of 40); (2) performing her job to her employer's reasonable expectations; (3) suffered an adverse employment action; and (4) that other substantially younger employees were treated more favorably than she was. *Bennington v. Caterpillar, Inc.*, 275 F, 3d 654, 659 (7th Cir.2001).

The analysis is slightly different in a RIF case, including a mini-RIF, such as this case, where only a small number of employees were terminated. When analyzing an age discrimination case under a mini-RIF, instead of proving the fourth requirement that a person outside the protected class was treated more favorably, the plaintiff must instead prove

that her duties were absorbed by persons who were not in the protected class. *Verwey v. Illinois College of Optometry,* 43 Fed.Appx. 996, 999 (Ill.2002).

In the present case, it is undisputed that Merillat was 49 years old at the time of her termination and that Metal Spinners terminated her employment. However, Metal Spinners contends that Merillat cannot prove the second and fourth elements of her *prima facie* case-that she was meeting Metal Spinners' legitimate expectations or that younger employees were treated more favorably.

With respect to the "meeting legitimate expectations" element, Wiland, Metal Spinners' Chief Executive Officer, testified that Merillat failed to meet his expectations because she was unable "to entertain strategic concepts and manage new projects," because she was unable to adequately supervise subordinates, because she was not willing "to accept new challenges," because she did not get along well with her co-workers, and because she was unwilling to implement a corporate-wide computer system. (Wiland Dep. at 16-17).

Metal Spinners claims that Merillat's contemporaneous performance evaluations confirm Wiland's testimony. Merillat's evaluation for the year 2000 suggests that she needs improvement working with others because of her "confrontational and demeaning attitude toward suppliers and coworkers". (Merillat Dep. Ex. G.) Merillat's 2000 review also demonstrates that she often "let clerical tasks impair her primary responsibilities." (Merillat Dep. Ex. G.). Finally, her 2000 review notes that she had expressed displeasure

with management's decisions to implement new software programs. (Merillat Dep. Ex. G.).

For the calendar year 2001, Merillat's review indicates that while she made improvements in the area of teamwork, she still had plenty of room for improvement in this area. (Merillat Dep. Ex. F.). In fact, Merillat's 2001 review indicates that she needed to "explore alternatives to her current methods and practices" to improve efficiency and profitability. (Merillat Dep. Ex. F.). The review further indicates that Merillat would be closely scrutinized in 2002 because her department had significant goals that had to be realized in order to be successful. (Merillat Dep. Ex. F.).

Merillat's review for the calendar year 2002 indicates that while Merillat met some of her goals, such as reducing raw-materials inventory, Merillat still needed to be more efficient. (Merillat Dep. Ex. E.). In fact, Merillat's 2002 review indicates that "she had too many redundant/duplicate business practices that must be challenged (e.g. Al-Net and certain Excel spreadsheets)" and that these practices must be eliminated. (Merillat Dep. Ex. E.). Furthermore, Merillat's 2002 review indicated that she needs continuing improvement with building rapport with co-workers and improving her demeanor. (Merillat Dep. Ex. E.).

Metal Spinners argues that Merillat's reviews all comport with Wiland's testimony that Merillat was not meeting his expectations because she refused to make required changes and eliminate redundant practices. Metal Spinners also claims that Merillat's own testimony confirms the comments on the review. Merillat admitted that she had difficulties with co-

workers and suppliers. (Merillat Dep. at 59). Merillat also admitted that she did not agree with Wiland's decisions about relationships with suppliers and that certain of her practices were redundant. (Merillat Dep. at 40, 44, 60). Metal Spinners concludes that Merillat's resistance to change during its troubled times was unacceptable and thus Merillat cannot establish that she was meeting legitimate expectations.

In response, Merillat points out that in her evaluations in 2001 and 2002, Wiland scored Merillat as "3" (on a scale of 1 to 5), which correlated with "Satisfactory/Good; consistently meets requirements and expectations". Further, Merillat states that Wiland's comments on the evaluations were communicated to her as "goals to strive for" and not as areas of failure. (Merillat Aff. at ¶ 21).

Metal Spinners concedes that the numerical ratings on Merillat's reviews for 2001 and 2002 indicates that she was performing satisfactorily, but contends that the comments on Merillat's reviews for these years indicate that Merillat was performing marginally at best. Metal Spinners argues that when a company is faced with having to reduce its number of employees, the company's legitimate expectations change somewhat because the company must attempt to do the same amount of work with less people. Therefore, an employee whose performance is marginal and whose job functions can be easily absorbed by others or performed by a computer may be a good candidate for termination.

Looking at the record as a whole, the court finds that Merillat has failed to raise an inference that she was performing her job satisfactorily in the context of a reduction

in force. If Merillat had simply been fired from her job in the absence of a RIF, then she might have been able to argue that she was performing satisfactorily enough to not warrant being fired. But in this case she was not terminated for cause, but terminated due to reduction in force. This court agrees with Metal Spinners that what constitutes "satisfactory" work shifts a bit in a reduction in force case. Thus, while the record shows that Merillat was performing in the mid-range in some respects, the reviews also show that Merillat had some problems that concerned Metal Spinners enough that they were included in her evaluations. Thus, in this regard, the record supports Metal Spinners view that Merillat was a non-satisfactory performer.

Metal Spinners next claims that Merillat also cannot establish the fourth element of her *prima facie* case-that similarly situated, younger employees were treated more favorably. Metal Spinners points out that as part of the reduction in force, Patrick O'Beirne, Metal Spinners' Vice President of Sales and Marketing, was also terminated, and his position was eliminated. O'Beirne is a male, who was under the age of 40 at the time of his termination. Metal Spinners concludes that of the two office positions eliminated during the reduction in force, one employee was under 40 and the other over 40, and thus there is no evidence that any younger employees were treated more favorably than Merillat.

Merillat does not discuss O'Beirne in her response but, rather, takes the position that she and Wehr are similarly situated and that Wehr was treated more favorably. However, as Metal Spinners makes clear, Wehr and Merillat are not

similarly situated. First, Wehr was Merillat's supervisor. Second, Wehr had more education and broader experience than Merillat, and the record shows that Wiland considered these factors in making his decision about which positions should be eliminated. Additionally, Merillat had a history of job performance problems, including an inability to get along with co-workers and resistance to change.

The Seventh Circuit Court of Appeals has admonished plaintiffs that they have a high hurdle to jump in order to demonstrate that other employees are similarly situated. "[A] plaintiff must show that there is someone who is directly comparable to her in all material respects." *Patterson v. Avery Dennison Corp.*, 281 F.3d 676, 680 (7th Cir.2002). In making this determination, courts look at a number of factors. In certain cases, it is relevant" 'whether the employees had comparable experience, education and qualifications,' provided that the employer took these factors into account when making the personnel decision in question." *Id.* Courts have also considered employees' previous job performance problems in determining whether employees are similarly situated. *See Radue v. Kimberly-Clark Corp.*, 219 F.3d 612, 618-19 (7th Cir.2000).

This court agrees that Merillat has failed to show that she was similarly situated to Wehr and that Merillat has failed to make any showing that a similarly situated person was treated more favorably. Thus Merillat has failed to establish a *prima facie* case.

Even if Merillat could establish a *prima facie* case of age discrimination, the burden would shift to Metal Spinners

to show a legitimate, non-discriminatory reason for the adverse employment action. *Conteras v. Suncast Corp.*, 275 F.3d 756, 760 (7th Cir.2001). If Metal Spinners meets this burden, then the burden shifts back to Merillat to prove by a preponderance of the evidence that Metal Spinners' reason is merely pretext for discrimination. *Id.*

A plaintiff can prove pretext either by presenting direct evidence that a discriminatory reason motivated the employer's decision or by presenting evidence that the employer's proffered reason is unworthy of credence, thus raising the inference that the real reason is discriminatory. *Essex v. United Parcel Service, Inc.*, 111 F.3d 1304, 1310 (7th Cir.1997). The standard requires that the employer not merely be mistaken in its judgment, but inquires whether the employer honestly believed its proffered reason for the discharge. *Id.*

In the present case, Metal Spinners claims that it terminated Merillat's position because it was experiencing an economic downturn, which is a legitimate, non-discriminatory reason for discrimination. The record shows that Metal Spinners had experienced operating losses during the last half of 2002 and the first half of 2003. In order to improve the bottom line, Metal Spinners determined that it needed to make some significant changes, including some restructuring to help reduce costs. After deciding that it needed to make some cutbacks, Metal Spinners reviewed the company structure to determine which positions could be eliminated. (Wiland Dep. at 93-94). According to Metal Spinners, Merillat was chosen in part because many of her duties could be eliminated with the implementation of the

company-wide Vantage computer system. Metal Spinners also points out that Wiland determined that Merillat was not meeting his expectations because of her unwillingness to implement the company-wide Vantage system and her inability to entertain strategic concepts. Merillat also had a history of disagreements with her co-workers, and when deciding whom to terminate, Wiland considered Merillat's continued inability to take on supervisory roles and her inability to get along with co-workers. (Wiland Dep. at 93). It is clear that these are all legitimate, non-discriminatory reasons for Merillat's discharge.

The burden then shifts back to Merillat to prove that these stated reasons were pretext for discrimination. Pretext may be proven "directly with evidence that [an] employer was more likely than not motivated by a discriminatory reason, or indirectly by evidence that the employer's explanation is not credible." *Schuster v. Lucent Technologies, Inc.* 327 F.3d 569, 574 (citing *Wade v. Lerner New York, Inc.*, 243 F.3d at 323 (7th Cir.2001) (quotation omitted)). A plaintiff-employee may proceed indirectly by attempting to show that the employer's "ostensible justification is unworthy of credence" through evidence "tending to prove that the employer's proffered reasons are factually baseless, were not the actual motivation for the discharge in question, or were insufficient to motivate the discharge." *Schuster v. Lucent Technologies, Inc.* 327 F.3d at 575 (citing *Testerman v. EDS Tech. Prods. Corp.*, 98 F.3d 297, 303 (7th Cir.1996) (quotations omitted)).

To avoid summary judgment, a plaintiff must do more than allege that the defendant is lying about its real reasons

for termination. The plaintiff must point to specific facts sufficient to cast doubt on the defendant's proffered reasons. *See Schuster v. Lucent Tech., Inc.*, 327 F.3d 569, 578 (7th Cir.2003). Courts are to examine "whether the employer gave an honest explanation of its behavior. In other words, if [the defendant] honestly believed in the nondiscriminatory reasons it offered, even if the reasons are foolish or trivial or even baseless, [the plaintiff] cannot prevail." *Jackson v. E.J. Brach Corp.*, 176 F.3d 971, 984 (7th Cir.1999)(internal quotations and citations omitted). Furthermore, a plaintiff must present facts "to rebut each and every legitimate, non-discriminatory reason advanced by the [defendant] in order to survive summary judgment." *Clay v. Holy Cross Hosp.*, 253 F.3d 1000, 1007 (7th Cir.2001). In cases where the plaintiff was eliminated as part of a reduction in force, the plaintiff may demonstrate pretext in two ways: (1) showing that the entire reduction in force was pretext for discrimination or (2) showing that the reasons for including the plaintiff in the reduction were pretext. *See Paluck v. Gooding Rubber Co.*, 221 F.3d 1003, 1012-13 (7th Cir.2000).

Metal Spinners argues that Merillat cannot establish that its economically motivated reduction in force was merely pretext for age discrimination. First, Metal Spinners' financial information conclusively proves that Metal Spinners was experiencing a net loss during the first two calendar quarters of 2003. Merillat has not made any showing whatsoever that these numbers are pretext. Furthermore, the other person that was eliminated as part of the reduction in force was O'Beirne, who was under age 40.

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As Metal Spinners notes, because Merillat cannot prove that the reduction in force was pretext for discrimination, she must demonstrate that Metal Spinners' reasons for including her in the reduction in force were pretext. Metal Spinners states that it chose to eliminate Merillat's position for three reasons: (1) Wehr had more desirable skills, education, and experience than Merillat and was more willing to implement new strategies; (2) many of Merillat's duties could be eliminated by the implementation of the Vantage system; and (3) Merillat had a history of difficulties in working with co-workers. Metal Spinners states that it chose to keep Wehr and eliminate Merillat because Wiland believed that Wehr had better potential to fulfill the new strategic goals of the company, including strategic relationships with suppliers. Merillat even admitted that she thought Wehr was hired primarily to engage in strategic planning. (Merillat Dep. at 63). Furthermore, Merillat had been very resistant to making the changes that Wiland felt were necessary for Metal Spinners' success. In fact, Merillat testified that she thought Wiland's insistence on changing the relationships with suppliers was "not the right way to go". (Merillat Dep. at 41). Merillat was also resistant to switching to the Vantage system. Instead, she continued to do redundant data entry into two software programs in order to get reports that she wanted to assist her with her purchasing duties. (Merillat Dep. at 57-62). When Merillat was terminated, many of her duties were eliminated by the Vantage compute system. (Wehr Dep. at 43-65). According to Metal Spinners, many spreadsheets and reports that Merillat created manually were done by inputting all the raw data into Vantage and designing a report to tabulate the raw data in a user-friendly format. Wehr began this process in August 2003, thus eliminating

the need for the redundancies created by Merillat. Finally, Merillat had a history of being difficult with other employees. In fact, Merillat admitted that she was brusque with others and that she sometimes got overly excited and upset. (Merillat Dep. at 59). Moreover, in her annual performance reviews, Wiland noted that she needed to improve in this area, and even when she demonstrated improvement, he noted that there was more room for improvement in this area. (Merillat Dep. Exs. E, F, and G).

In response to Metal Spinners' arguments and evidence, Merillat merely argues that Wiland's decision was incorrect. Merillat compares the performance of the metals department under her supervision with the performance of the metals department under Wehr's supervision, and concludes that Wehr did a poor job and cost the company money. However, as Metal Spinners notes in reply, these comparisons are all irrelevant and do not prove that Wiland's decision was discriminatory. At most, they suggest that Wiland's decision may have been erroneous. The law is clear that Wiland's decision need not be the best decision, and it need not turn out to be correct. Courts only examine "whether the employer gave an honest explanation of its behavior. In other words, if [Wiland] honestly believed in the nondiscriminatory reasons [he] offered, even if the reasons are foolish or trivial or even baseless, [Merillat] cannot prevail." *Jackson v. E.J. Brach Corp.*, 176 F.3d 971, 984 (7th Cir.1999)(internal quotations and citations omitted). Courts do not sit as super-personnel departments and are not to second-guess the decisions of employers. *See Giannopoulos v. Brach & Brock Confections, Inc.*, 109 F.3d 406, 410 (7th Cir.1997).

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This court agrees with Metal Spinners that by focusing on the wrong legal standard, Merillat has failed to demonstrate that Metal Spinners' legitimate, non-discriminatory reasons are pretext. As noted, in order to prove pretext, a plaintiff must present facts "to rebut each and every legitimate, non-discriminatory reason advanced by the [defendant] in order to survive summary judgment." *Clay v. Holy Cross Hosp.*, 253 F.3d 1000, 1007 (7th Cir.2001). Accordingly, Merillat's ADEA claim fails for this additional reason.

Metal Spinners next argues that Merillat cannot prove her gender discrimination claim. It is clear that Merillat does not have any direct evidence of gender discrimination. Merillat admitted that Wiland never made any comments about her gender. (Merillat Dep. at 81). At most, Merillat claims that Wiland made her remove a cartoon that she had pinned to her bulletin board. The cartoon depicted two babies—one female and one male—looking into their diapers, and the cartoon stated, "Oh, so this is the difference in our salaries." Merillat claims that Wiland asked her to remove this cartoon from her workstation at approximately the time Wehr was hired. This court agrees with Metal Spinners that although Wiland was the decision-maker with respect to Merillat's termination, this single event can hardly be evidence of gender discrimination. As Metal Spinners notes, Wiland had a duty to ensure that the workplace remained free from hostile or discriminatory remarks. Thus, asking an employee to remove a cartoon, which could be construed as hostile towards men, can hardly evidence gender discrimination. Furthermore, the incident occurred at least six months prior to the decision to terminate Merillat. There

is simply no temporal connection between the incident and Wiland's decision to terminate Merillat.

Metal Spinners next argues that Merillat cannot establish a *prima facie* case of gender discrimination. As with a claim of age discrimination, the *prima facie* case is altered slightly for plaintiffs who were terminated as part of a reduction in force, and a gender-discrimination plaintiff must establish: (1) she is a member of a protected class; (2) she was meeting her employer's legitimate expectations; (3) she was discharged; and (4) similarly situated male employees were treated more favorably. *Michas v. Health Cost Controls of Ill., Inc.*, 209 F.3d 687, 693 (7th Cir.2000). Metal Spinners concedes that Merillat is a woman and that Metal Spinners terminated her employment. However, Metal Spinners claims that Merillat cannot establish the second and fourth element of her *prima facie* case—that she was meeting Metal Spinners' legitimate expectations or that similarly situated men were treated more favorably.

As discussed above, Merillat was not meeting the legitimate expectations of Metal Spinners. (Wiland Dep. at 16-17). Additionally, Merillat cannot establish that similarly situated men were treated more favorably. Although Merillat contends that Wehr was similarly situated to her, this simply is not the case. Wehr served as Merillat's supervisor while Wehr reported directly to Wiland. Furthermore, Wehr had duties other than the basic purchasing duties performed by Merillat. For example, Wehr was responsible for making strategic changes to the department, including establishing new strategic relationships with suppliers. Moreover, as part of a reduction in force, O'Beirne's job was also eliminated.

Thus, it is clear that Merillat cannot point to any similarly situated men who were treated more favorably than she was treated. In any event, as set forth above, even if Merillat could establish a *prima facie* case of gender discrimination, Metal Spinners has articulated legitimate, non-discriminatory reasons for Merillat's termination, and Merillat cannot establish that such reasons were pretext. Accordingly, summary judgment will be granted in favor of Metal Spinners on Merillat's Title VII claim.

The court will next turn to Merillat's claim that she was paid less than Wehr because of her gender. In order to establish a *prima facie* case of wage discrimination under the EPA, Merillat must prove: (1) she was paid less than a male employee; (2) for equal work requiring substantially similar skill, effort, and responsibilities, and (3) the work was performed under similar working conditions. *Cullen v. Indiana Univ. Bd. of Tr.*, 338 F.3d 693, 698 (7th Cir.2003). Assuming that Merillat could meet this burden, the burden then shifts to Metal Spinners to show that the pay differential arises from a seniority system, a merit system, a system that measures earnings by quantity or quality of production, or any other factor other than gender. *Wollenburg v. Comtech Mfg. Co.*, 201 F.3d 973, 976 (7th Cir.2000).

Metal Spinners acknowledges that it is undisputed that Merillat was paid less than Wehr, and that their work was performed under similar working conditions. However, Metal Spinners argues that Merillat cannot establish that she did equal work or that her work required substantially similar skill, effort, and responsibility. "In determining whether two jobs are equal, the crucial inquiry is 'whether the jobs to be

compared have a 'common core' of tasks, i.e., whether a significant portion of the two jobs is identical.' Once the plaintiff establishes a common core, the court must ask whether any additional tasks make the jobs 'substantially different" '. *Cullen,* 338 F.3d at 698 (internal citations omitted).

Metal Spinners acknowledges that Wehr and Merillat did perform a number of similar tasks, including most of the purchasing department duties. However, Metal Spinners argues that two facts differentiate Wehr's job from Merillat's job. First, Wehr was charged with much more management responsibility than Merillat. In fact, states Metal Spinners, that was the exact reason that Wehr was hired-to perform management duties that Merillat was reluctant or unable to tackle. Metal Spinners argues that these duties are "additional tasks" making Wehr's job "substantially different" from Merillat's job. *Id.* More specifically, Wehr was the supervisor of the purchasing department, and all employees, including Merillat, reported to Wehr. Second, Wehr played a vital role in changing Metal Spinners' supplier relationships. As such, Wehr was charged with creating strategic relationships with suppliers in an effort to reduce the cost of metals and reduce the amount of inventory or working capital invested into the metals.

The EPA requires courts to examine three separate elements when comparing jobs: skill, effort, and responsibility. "Each of these elements must be met individually to establish a prima facie case." *Cullen,* 338 F.3d at 698. Under the EPA, skill includes factors such as "experience, training, education, and ability." *Id.* At this

point, however, courts look not at the individuals, but at the positions. In this case, Wehr's position as Vice President of Procurement and Materials Management required more ability than Merillat's position as Senior Buyer because Wehr was required to supervise the department and to implement new strategies to improve supplier relationships. *Id.*

The court must then look at whether the positions required equal effort. "Job factors which cause mental fatigue and stress . . . are to be considered in determining the effort required by the job." 29 C.F.R. § 1620.16(a). In this case, Wehr's position as Vice President of Procurement and Materials Management required more effort. Although Wehr and Merillat were both office employees, Wehr's additional responsibilities and the ultimate responsibility for the materials department created more stress. Finally, the court must consider whether Wehr's position and Merillat's position have equal responsibility. "Responsibility is concerned with the degree of accountability required in the performance of the job." 29 C.F.R. § 1620.17(a). The record shows that when Wehr was hired as the Vice President of Procurement and Materials Management, he was charged with supervisory responsibility for the entire department, including Merillat. As the Vice President, Wehr had ultimate responsibility for the success or failure of the department. Because Merillat has not established that she did equal work which required equal skill, effort, or responsibility, Merillat cannot establish a *prima facie* case under the Equal Pay Act.

Even if Merillat could establish a *prima facie* case, that would not be the end of the issue. Rather, if a plaintiff establishes a *prima facie* case under the EPA, the burden

then shifts to the defendant to prove that the pay disparity arises from a seniority system, a merit system, a system that measures earnings by production, or any factor other than gender. *Wollenburg*, 201 F.3d at 976. Metal Spinners sets forth three reasons for the pay disparity between Merillat and Wehr: Wehr's experience, Wehr's education, and market forces.

"Even if a man and woman are doing the same work for different pay, there is no violation if the wage difference stems from a factor other than sex. Experience is a nondiscriminatory reason for wage disparity." *Id.* Prior to joining Metal Spinners, Merillat worked as a legal secretary. (Merillat Dep. Ex. A.). When she was hired at Metal Spinners in 1983, Merillat was hired in the purchasing department although she had no prior experience in purchasing. Wehr began his career in purchasing in 1988. Although Wehr had fewer total years of experience than Merillat in purchasing, Wehr had a wider variety of experiences, requiring more skill and responsibility. For example, Wehr had previously been the supervisor of at least two purchasing departments with several individuals reporting directly to him. (Wehr Dep. at 94-95). Wehr also had experience implementing new computer systems in the purchasing area. (Wehr Dep. at 94-95). Wehr also had experience in a number of different metal industries, allowing him to compare and explore new methods within the metal-spinning industry. Thus, argues Metal Spinners, Wehr's experience was more significant in that he had many years of supervisory responsibility and had experience with implementation of new materials and purchasing software.

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Metal Spinners also states that it paid Wehr more than Merillat because he had more education, and education is "a relevant consideration in determining whether disparate salaries exist for reasons other than sex." *Cullen,* 338 F.3d at 702. Merillat's education consisted of an associate's degree in the form of a "legal secretarial degree," which she earned from the Columbus Business University in 1972. (Merillat Dep. Ex. A). Merillat also took three courses at IPFW in the 1980s, two in purchasing and one in supervision. (Merillat Dep. at 14). Wehr, in contrast, had a bachelor's degree in business administration from Indiana University. Metal Spinners claims that Wehr's degree is clearly relevant to his job as Vice President of Procurement and Materials Management in that it gives him an overall familiarity with accounting, financial forecasting, and other factors relevant to purchasing raw materials.

Lastly, Metal Spinners argues that the pay disparity between Wehr and Merillat is justified by the market forces that existed when Wehr was hired. *Id.* When Wiland decided to create the position of Vice President of Procurement and Materials Management, he enlisted the help of a search firm. The firm told Wiland that the going rate for such a position was approximately $65,000-$75,000. (Wiland Aff. at ¶ 9). Furthermore, Wiland consulted trade journals to seek guidance in setting a salary for the new position, which indicated that Wehr's starting salary was at the lower end of the scale for similar positions. (Wiland Aff. at ¶ 9). Metal Spinners contends that relying on these factors is permissible, and they demonstrate that Wiland had legitimate, non-discriminatory reasons for paying Wehr more than Merillat.

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Merillat's response is fatally weak. Merillat merely cites to her own testimony, where she asserts that she and Wehr performed a common core of tasks. Merillat fails to address the issue of whether Wehr performed any additional tasks that made his job substantially different from her job. *Cullen v. Indiana Univ. Bd. of Tr.*, 338 F.3d 693, 698 (7th Cir.2003)(courts must first determine whether jobs have a common core of tasks and then determine if any additional tasks make the jobs substantially different). In the present case, Metal Spinners has documented that Wehr performed additional tasks which made his job substantially different from Merillat's job. Additionally, Metal Spinners has documented three reasons for the pay disparity between Merillat and Wehr: Wehr's experience, Wehr's education, and market forces. Consequently, as Metal Spinners has articulated legitimate reasons (other than gender) for the pay disparity, Merillat's EPA claim fails as a matter of law.

Conclusion

Based on the foregoing, Metal Spinners' motion for summary judgment is hereby GRANTED.

Entered: September 19, 2005.

s/ William C. Lee
William C. Lee, Judge
United States District Court